

Regional School District 13  
Board of Education  
Educational Resources Committee  
Minutes of the meeting of Wednesday, August 13, 2014

Committee members present: Bob Fulton, Anthony Onofreo, Jeremy Renninghoff and Kerrie Flanagan.  
Administrators present: Ron Melnik  
Others present: Mr. Tom Forma and Mr. Kevin Nichols

Mr. Fulton called the meeting to order at 6:05 p.m in the conference room at the Board office.

Public comment: There was no public comment.

*Approval of agenda: A motion was made by Mrs. Flanagan, seconded by Mr. Onofreo to approve the agenda as amended moving Item 7 to Item 4. By a voice vote with all in favor, the motion passed.*

*Approval of Minutes from the May 14, 2014 meeting: A motion to approve the minutes from the 05/14/14 meeting was made by Mrs. Flanagan, seconded by Mr. Onofreo. By a voice vote with all in favor, the motion passed.*

Mr. Tom Forma from Merrill Lynch assisted by Mr. Kevin Nichols presented a summary of the District Pension Fund performance. For the previous year, the pension fund increased by 21.1% vs. the median public pension fund increase of 16.9%. For the current year, the fund is up 6.5%. However, reflective of current market conditions, there is some performance erosion in this volatile market. The Board discussed current actuarial calculations that smooth annual gains/losses over a 5 year period. This practice, in accordance with standard governmental accounting guidelines, “smooths” the effect of significant gains or losses in a given year on that year’s operating budget. Much discussion ensued regarding the mix of equities and bonds relative to economic trends and the relative risk associated with different investment strategies. Mr. Onofreo questioned the fee structures associated with index funds versus managed accounts. The Board asked the Merrill Lynch advisors to provide investment scenarios for both managed funds and index funds at a future meeting. The Board requested that a follow up meeting be scheduled to discuss our future portfolio allocations and market expectations. Mr. Melnik suggested that we also invite Hooker & Holcomb to that meeting.

The Board discussed the proposed Investment Policy Statement. Mr. Melnik pointed out that the language of this specific proposal should be revised to more accurately reflect the Board’s oversight role. Mr. Fulton commented that certain aspects of the document were far too specific for a policy statement. Mr. Melnik proposed that he edit the document and distribute the revisions to the Committee. The Committee agreed to review and submit their recommended changes to Mr. Melnik prior to the document being submitted back to Shipman and Goodwin for review. Work on the policy statement will continue in future meetings.

The Committee recommended that a motion and vote for the formation of a District Pension Committee in accordance with the pension plan be included on the meeting agenda at the August 25<sup>th</sup> BoE meeting.

The Committee discussed the need for a Brewster Roof replacement. Rough estimates at this point are that the total cost will be approximately \$1.2 million and that we expect a state reimbursement of 56.07%. Project cost estimates do not include potential impact of PCB testing and mitigation. Testing for PCB’s will be done with

the outcome reported to the committee as soon as possible. The next steps are for Mr. Melnik to begin work on the ED049 Ed Specs required by the state. If the Board recommends proceeding with this project, the Committee anticipates the debt financing for this project would be included on the May 2015 town referendums.

The Committee then reviewed a handout summarizing considerations and options for financing debt into the future. The Committee reviewed the District debt capacity given the current level of debt service. Different borrowing structures and vehicles were discussed, with consideration given to the impact of debt payments on the District operation budget. Mr. Fulton asked for a calculation of debt payment tolerance assuming a relatively consistent ratio of debt payment per student over time as student enrollment declines. The Committee wants to better understand the impact of financing decisions on the district cost per student.

On a motion by Mr. Renninghoff, seconded by Mr. Onofreo, the meeting was adjourned at 8:00PM.