

Regional School District 13
Board of Education
Educational Resources Committee
Minutes of the meeting of November 20, 2014

Members present: Robert Fulton, Anthony Onofreo, Norm Hicks, Kerrie Flanagan

Others Present: Ron Melnik, Kathryn Veronesi, Vanessa from Blum Shapiro, Tim Ryor from Hooker and Holcombe, and Tom Forma for Morgan Stanley

Chairman Fulton called the meeting to order at 6:34pm.

I. Public Comment

There was no public comment.

II. Approval of Agenda

Mr. Hicks made a motion to approve the agenda. Mrs. Flanagan seconded the motion.

III. Approval of Minutes

Dr. Onofreo made a motion to accept the minutes of October 28, 2017. Mr. Fulton seconded the motion.

In favor of the motion: Dr. Onofreo, Mr. Fulton. Abstain: Mrs. Flanagan, Mr. Hicks

IV. Review of 6/30/2014 Financials with Blum Shapiro

There was a clean and unmodified opinion from auditor's report. There are two new standards: GASB 65 and 67. Mr. Fulton questioned the increase in expense, decrease in liability on page 7. Vanessa will get back to Mr. Fulton on this.

General Fund review: slight increase to 2M.

Medicaid/Medicare Grant 37,000, CLP/demand response program: 8,000-10,000, Workman's Comp:

Review of Year End from General Fund.

Mr. Melnik described the reason behind some of the variance.

Vanessa reviewed federal and state education grant, the Fiduciary Net Position, the Pension Plan and the OPEB Trust Fund. (Other Post Employment Benefits). The District might want to consider putting funds away for OPEB liability (Similar to Pension Fund). Other regional school districts have OPEB trust funds that we can contact.

Non-major funds: School Cafeteria and Adult Education. The district does not have an adult education program any longer so the account will be closed. Mr. Melnik described the fluctuation of the Cafeteria account as a result of declining enrollment and increased cost of food. Free and Reduced numbers have increased from 3% to 7%.

Management Letters Standard: Information given to all clients

Some recommendations to consider: create an accounting procedures manual, focus on cross training and alternating procedures. Mr. Melnik should review the payroll more often, especially during accrual, and initial. These reviews should be unannounced. Contribution items within the pension fund/posting errors.

The IT Audit recommendations were reviewed. It was recommended doing a Fraud Risk Assessment and Fraud Tip Line.

Vote to accept financial statement:

Mr. Hicks made a motion to accept the financial statement ending June 30, 2014 and move it forward to the full board. Mrs. Flanagan seconded the motion.

The vote was unanimous.

V. Pension Plan Update

Tom Forma reviewed that Merrill Lynch will no longer manage municipalities as of February 2015.

Tom and his team have moved to Morgan Stanley as of October 2014. Morgan Stanley has been working with school districts since November 1997. RSD13 has outperformed the state: State 15-16, RSD13 18-19.

Tom Forma reviewed charges: Fee 1% of fund asset.

Tim Ryor reviewed charges of \$1600 per year for plan administration. Bank of America charges of less than \$500 is unusually low. Tom reviewed suggested investment strategies - suggesting higher equity allocations.

Mr. Fulton indicated that the priority is to have a lack of disruption in services. ERC will vote on proposals and then bring to BOE.

Mr. Hicks made a motion to accept advisory services from Morgan Stanley and Schwab Bank. Mrs. Flanagan seconded the motion. The vote was unanimous.

Tom Forma reviewed a Hypothetical Portfolio. Same equity allocation percentages are suggested.

Mrs. Flanagan made a motion to proceed with reallocation of new fund managers as proposed on page 4. Mr. Hicks seconded the motion. The vote was unanimous.

OPEB should be statutorily mandated.

VI. Brewster Roof Project

Mr. Melnik is working on bid documents for the Brewster Roof. Ron has received information on installing solar panels-can now get 56% reimbursement which would mean cutting electricity costs in half. It will cost \$750,000 to install. The district would buy the panels not rent them. 20 year bonded out at 4% could save 10,000 per year. This assumes an electric rate of 11.5 %. This needs to be put in by

June for bonding legislation. They can be bonded with the roof installation. Do roof next year and the solar panels the following year because the panels will not have been approved. Next meeting will be on December 16th and Mr. Melnik will invite solar panel people.

Staff Pension Committee met and will meet again in May. They agreed that if a situation arose, an emergency meeting could be scheduled.

Mr. Melnik will attend a meeting in Waterbury to meet with the consortium that looks at heating oil and gasoline. Consortium will be making a commitment to gallons and a lock in price eventually. Immediate decision will be to join a consortium.

Investment Policy: continues to be open item.

Mrs. Flanagan made a motion to adjourn the meeting. Mr. Hicks seconded the motion. The meeting adjourned: 8:34pm.