

Town of Hampton
Board of Finance
Regular Meeting
December 8, 2021
7:00 PM

Call to Order: The meeting was called to order at 7:01 PM.

Roll Call: Kathy Donahue, Diane Gagnon, Ed Adelman, Judy Buell, Nick Brown, Joan Fox, Kathi Newcombe, Stan Crawford.

Staff and Others Present: First Selectman Allan Cahill, Selectman John Tillinghast, Treasurer Ellen Rodriguez, Fire Department Chief Richard Schenk and members Noel Waite and Dave Demontigny, Bob Sagistano of Hometown Firefighter & EMS Service, Recording Secretary Dayna McDermott-Arriola.

Citizen Comments: none.

Presentations:

Bob Sagistano, of Hometown Firefighter & EMS Service, reviewed, researched and responded to the various questions the finance board members raised. Mr. Sagistano defined the terms of the plan, which fully vests members after ten years of active service, explaining that benefit eligibility requires a member: 1) to be at least 18 years old; 2) to complete one year of credited service; 3) to reach entitlement at age 65. He also explained the difference between accrued benefits, which begin at the inception of active membership, and vested accrued benefits, which begin after ten years of service. Mr. Sagistano clarified that a new member with one year of credited service became entitled at age 65 and is eligible to receive payments at a reduced amount, having met all three requirements. Concerns raised on the inconsistencies in the vested benefits were explained as the probable result of the failure of the former agent to review the plan annually to make necessary changes; however, Mr. Sagistano confirmed that members are currently credited correctly.

Mr. Sagistano addressed the issue of why the benefits of certain members were forfeited, explaining that this occurs when a non-vested member becomes inactive. Resignation triggers an inactive status, and whether or not a member is entitled to benefits depends on whether or not they were vested with at least ten years of active service at the time. To Chairman Donahue's question as to whether the previous service would be credited if an inactive member later became active, Mr. Sagistano said that while the plan does not currently address that scenario, it could be added. He also clarified the designation of "honorary members", which the fire department can recognize, for roles such as Chaplains, former Chiefs, Ladies Auxiliary and Junior members.

As to the question of why the start date for earning credited years of service was January 1, 2005, when the plan wasn't initiated until January 1, 2006, Mr. Sagistano explained that members received credit for 2005 as that was the year the plan was negotiated. He also explained that there was an initial buyback feature when the program was established, allowing members to claim up to 30 years of credited service prior to the inception of the plan, which he noted was an unusual amount as most programs limit the buyback amount to five years; hence the program began with a large accrued liability of \$351,705 in 2007.

Mr. Sagistano also spoke to the issue of members continuing their active status after reaching entitlement age, explaining that a federal lawsuit deemed the denial of that right to constitute age discrimination. Therefore, while the current program doesn't allow for post-entitlement credited service, per federal law additional service years must accrue, with a 30 year maximum, for active members after age 65. Chairman Donahue requested that Mr. Sagistano provide a cost analysis to include service accrued post-entitlement. He confirmed that entitled members simultaneously receive benefits while active, that

members may not defer benefits, and that inactive members who reach the age of 65 receive benefits if they were previously vested. Mr. Sagistano also confirmed that all members currently eligible for benefits are receiving them, and have been compensated for the back pay they were owed.

To the question of what happens when the benefits an individual accrued are depleted, Mr. Sagistano affirmed that the benefits are guaranteed for life, after ten years of vested service, and are provided through the account's assets, noting that if there is remaining principle at the time of the recipient's death, the beneficiaries receive those funds.

Kathi Newcombe asked if the original signed document was available, noting that the Town only has an unsigned copy of the plan specification. Mr. Sagistano is not in possession of the signed document.

Nick Brown inquired as to the increase in fees. Mr. Sagistano reported that the initial fee was \$1500 and is currently \$3400, which reflects the actuary's fees. This cost includes a base fee and \$9 per participating member. Mr. Brown also asked if there were fees associated with the purchase of annuities, and whether or not Hometown Fire and EMS Services receives a commission for these purchases. Mr. Sagistano replied that the 3% received is not subtracted from the program's assets, and that there are no fees associated with the annuities. He explained that all assets are in an operational checking account and in an account with First Security Bank, currently earning 4% interest, which is the minimum amount, with no risk involved.

Nick Brown also asked why the town's annual funding of the program wasn't recognized for many years, noting that deposits sent were not recorded; Chairman Donahue questioned whether or not interest accrued correctly during that time. Kathi Newcombe also raised questions as to some of the deposits which were recorded. Mr. Sagistano suggested that the finance board provide documentation for these concerns and contact the former agent, Mike Gergler, to inquire, vowing to support their efforts to have these questions answered. While assuring members that all the money sent from the Town is in the account, he agreed that the finance board should insist that every payment is accounted for. Kathi Newcombe is currently reviewing payments the Town made. Joan Fox asked if a refund for mismanagement of the program is possible. Though Mr. Sagistano disagreed with the characterization of the service as "mismanagement", he concurred that the finance board did not receive the service they were entitled to. Rich Schenk said that Mr. Gergler met with the Fire Department, though not annually. To Diane Gagnon's question, Mr. Sagistano said his last contact with Mr. Gergler was sometime prior to May.

Chairman Donahue inquired as to extending life insurance to age 70 and asked Mr. Sagistano to explain the terms of the current policy. Mr. Sagistano detailed the types of insurance available as follows: life insurance, typically at \$10,000, and Accidental Death and Dismemberment insurance, each at \$10,000. The cost is minimal for these. To Chairman Donahue's question, Rich Schenk stated that the Fire Department holds an additional life insurance policy, which will be forwarded to the Board of Finance for review.

Approval of Minutes

Motion: Diane Gagnon, seconded by Nick Brown, to approve the Minutes of the November 18, 2021 Special Meeting with the following amendments: under Treasurer's Report "Ed Adelman asked why the *Planning and Zoning Commission Legal Engineering was experiencing an overrun at this point in the fiscal year*"; under Boards of Education "...there are 207 students in grades 7 through 12 attending Parish Hill, *which includes three tuitioning students*, with Hampton sending 47 students and 25 students to other schools". Motion carried unanimously.

Reports/Actions

First Selectman: First Selectman Cahill reported that the tenants at 376 East Old Route 6, who had a rent-to-purchase agreement with the Town, have paid for the property in full and that the Town Attorney is preparing the closing documents. He also reported receipt of numeration verification from the Regional District #11 Superintendent and forwarded it to Hampton Elementary School. Mr. Cahill also stated that

the Board of Selectmen discussed the Fire Department Length of Service Award deficit. Chairman Donahue reported that the current funding is 11.9% of the accrued liability and that the Town has the capacity to increase the amount, per the recommendation of Mr. Sagistano, to 70%.

Tax Collector: Chairman Donahue distributed the Tax Collector's report for November, which reported a net collection rate of 54.3%, or \$2,116,878.49.

Treasurer: Treasurer Rodriguez requested two transfers.

Motion: Nick Brown, seconded by Diane Gagnon, to approve the transfer of \$4.00 to #6009-04 Election Postage/Supplies from #6009-03 Election Training; and \$95 to #6009-05 Election Cards/Ballots/Maintenance from #6009-03 Election Training. Motion carried unanimously.

Boards of Education:

Regional District #11: Joan Fox reported that the three-year contract negotiated with the teachers' union has been approved by the Board of Education.

Board of Finance Committees

Policies and Procedures Committee: Chairman Donahue reported that the committee is waiting for input from the Hampton Elementary School.

Ad Hoc Committee for Inter-district Education Cost Sharing: Chairman Donahue reported that the Governance sub-committee is reviewing the draft proposal for a cooperative agreement between Hampton and Scotland and that the Programming sub-committee is working on an estimate of the staffing costs if the two schools are combined.

Correspondence: Chairman Donahue received and distributed the Tax Collector's Report and received a communication on the Green Energy Committee's grant award.

Old Business

a. Update and Possible Action on Fire Department Length of Service Award

Chairman Donahue suggested that the board continue discussions on the insurance after Rich Schenk provides the additional Fire Department life insurance policy. The committee will convene to draft a letter with concerns raised and unanswered, to Mr. Sagistano.

New Business

a. Discuss and Act on 2022 Schedule of Budget Timelines

Chairman Donahue stated that the request from the Board of Finance to all departments for FY2022-23 budget proposals will be sent this month, and that at the January meeting, the board can review potential dates for budget work sessions.

Additions to the Agenda:

As the Clerk of the Board of Finance and responsible for contacting members in an emergency, Ed Adelman requested that members and alternates send him current email and cell phone contact information.

Citizen Comments: none.

Suggestions for Next Agenda: Chairman Donahue asked members to forward suggestions for the next regular meeting, which will include development of the FY2022-23 budget timeline and scheduling of budget workshop dates.

Date, Time and Place of Next Meeting: January 12, 2022 at 7PM.

Adjournment: There being no further business to come before the Board, the Meeting adjourned at 8:43PM.

Respectfully submitted,

Dayna McDermott Arriola
Recording Secretary

This is a draft version of the Minutes until approved by the Board of Finance.