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**CITY OF ANSONIA  
BOARD OF ALDERMEN**

ELIZABETH LYNCH  
TOWN AND CITY CLERK  
SONSONIA, CONNECTICUT

**Minutes of the Special Meeting – June 17, 2014**

**Call to Order**

The Special Meeting of the Ansonia Board of Aldermen was called to order at 7:15 p.m. by Aldermanic President Philip Tripp. All those present rose and pledged allegiance to the Flag of the United States of America.

**Roll Call**

The secretary called the roll:

Edward Adamowski, D1 – present  
Charles Stowe, R1 – present  
Philip Tripp, R2 – present  
Lorie Vaccaro, R2 – present  
Denice Hunt, D3 – absent  
Joseph Jeanette, D3 – absent  
Anthony DeLucia, D4 – absent

Jerome Fainer, D4 – absent  
Anthony Casseti, R5 – present  
Joan Radin, R5 – present  
Matthew Edo, R6 – absent  
Patrick Henri, R6 – absent  
David Blackwell, Jr., R7 – present  
Daniel Evans, R7 – present

President Tripp declared a quorum of 8 present, 6 absent.

President Tripp stated, we are going to skip Item 3 on the agenda tonight, Mayor's Announcement Re: Future of Farrell Corporation in Ansonia, and go straight to Item number 4.

**Public Session**

President Tripp asked three times if any member of the public wished to speak. Being none, he declared the Public Session closed.

**Underfunded City Pension Plan**

Corporation Counsel Marini explained, one of the big reasons we called this meeting tonight was to discuss the underfunded City Pension plan. Mr. Nimons will explain the detail. Essentially we have a City pension that the estimate is about \$4 million underfunded. It is a liability to the City and it's going to take some effort on our part to rectify the problem. Bill will talk about what it should be and where we are right now.

Comptroller Bill Nimons stated, what John has indicated is that we do have an underfunded City of Ansonia pension – underfunded at about \$4-6 million. The longer you underfund it, [inaudible] people start retiring.

I've come up with a plan, hopefully to try to rectify it and get it going in the correct direction by selling a City asset that we're going to discuss later. Right now it's anywhere from \$4-\$6 million. We don't have the update but we will get it. That's only one thing that I want to talk about. The other item we have is employee benefits. That number ranges anywhere from \$20-40 million from all the records that I can find. Those are all the items that we have to address, and start addressing them so the City is solvent. We don't want to become like a California city going down the tubes, or like a Detroit. We want to just correct it. The Mayor would like to correct it, I think we all do, one plan at a time and try to rectify it.

The City pension of which the Board of Education employees are in, has not been funded properly for 20 years. They ignored it. Every year, it used to be over-funded, and then in 2005 it became unfunded and that's when they stopped putting money into it; they just ignored it. From my understanding it used to go to the Board of A&T, they used to scratch it right off and not even fund it, which is not the right thing to do.

My recommendation is, if we're going to try to rectify this now, I've already talked to Mr. Vaccaro over here, we have to have a Charter change that any unfunded liabilities or pension, actuarial numbers have to be funded by the City. It can't be an option. That's how we got ourselves in this situation.

Alderman Marini stated, that correction has been brought to the Charter Revision Commission, so they are looking at the possibility of adding to the Charter a requirement to fund City pensions in a certain amount. There is a way of calculating how much should responsibly be put into these plans to make sure we can meet liabilities when they become due. Essentially, there is a minimum amount that we should be giving a year. As Bill has said, there have been consecutive years where there has been zero contributed to these plans which put us in a bad position when we have to meet those liabilities. Going forward we will figure out how we can wrap our heads around this and responsibly fund these program and make sure we're never stuck in this situation again. The Mayor has really made it know this is a priority to be financially responsible and leave the City in good hands for our future generatons.

Alderman Blackwell asked, this is the Board of Education pension? What about the Police or the other City departments?

Mr. Nimons replied, the only ones in there are the retired police. The Police is unfunded a little bit but it's been limping along. I think if we're going to address all the pensions that belong to the City now, we have to address them all.

Corporation Counsel Marini stated, other towns have taken steps where they've changed their Charters to require – Trumbull was one of the recent communities that amended their Charter to require a responsible contribution – but the amount is flexible, it doesn't have to be the [inaudible], but at the very least to make sure that some money is going toward the plans so it just can't be convenient. Sometimes it is tempting, we've all been a part of the budget process, and sometimes it's tempting to draw back and pay less on some things. What number that actually will be obviously needs to [inaudible]. But zero, for 20 years in a row, is not an option.

Alderman Vaccaro asked, what was the amount of the health insurance?

Mr. Nimons stated, anywhere from \$20 to \$40 million. [inaudible]. The retiree benefits for health insurance is another number that nobody paid attention to, except now everyone is paying attention to it, and under the gap economy we have to pay attention to it now. That number is a little bit higher than the retirement number right now, because you have a lot of people that retired and they made out with their pensions but they get their retirement benefits paid for by the City.

Corporation Counsel Marini stated, one of the priorities we have to the residents is to keep taxes not only as low and responsible as they can be, but also stable. If we are ignoring liabilities, we are unfortunately betraying that obligation to the residents. If we are ignoring a liability and it pops up, then all of a sudden we have excuses as to why we're going to need more money at that time, and the tax rate goes up, and people are understandably surprised and unhappy. We're really being cognizant of these liabilities and making sure we're doing our best to fund them on a regular basis in order to avoid the surprises for our taxpayers and keep things stable and predictable.

Alderman Blackwell stated, I know the Police Department and the City Municipal Employees went to the MERF plan, which basically took the burden off the City. Is it possible for the Board of Education go into a pension plan like the Police and Municipal Employees to take that burden off the City?

Mr. Nimons stated, I wasn't privy to that conversation when it happened, I don't know why they didn't go into the MERF system. Rich, do you know?

Mr. Bshara stated, in terms of the City side, the Public Works and the City Hall Unions, when we went to MERF, we didn't exactly take the liability off. We are on a 30-year payback, so we're taking 30 years to pay back that along with the current debt, so that's in process. In about the year 2022 or 2024, somewhere along that line.

In terms of the Police, when we moved them in 2007 to the MERF plan, we made that decision to take the money out of the old Police pension and fully fund the back portion. So we gave them a check for \$5 million – what they wanted on the 30-year cycle would have cost us \$15 million. We felt that was the better option.

We did okay with the Police side. Police on the MERF are fully funded. The City Hall and Public Works will be fully funded in less than 6-8 years, and then it's current payments only. The old Police Pension Plan which is the other piece you are alluding to, that is pretty much capped. There are no new people going into it or no active members in it. So through attrition that will continue to go down. That number I believe we're paying out about \$538,000 a year we're putting in \$350,000 in next year's budget. So we're using a little bit of the \$1.2 million that's in that plan plus the current payment that we're going to pay down, and over time that will...

This piece for the City – we really didn't know the Board of Education was in the pension plan in 1992. In terms of going to MERF, the part that the City found here, we were in this plan, not everyone that participated on the City side - it wasn't a closed pension so some people were in it; some weren't. The requirement by MERF is if you go to MERF, anybody in that group, you have to buy back all their years. So if there were people here in 1990 that had 20 years of service and didn't put a dime into the old pension plan, the City had to buy back those 20 years. That same effect would happen at the Board of Education. I believe there are 26 or 31 active people currently, and there may be 100 people in there that are eligible over the course of all the Unions, if the City decided to put them into MERF, they would have to buy back all the years of all 100 employees that are eligible. That is a decision they faced on this side and they decided to do it. It would be the same there. The determination at the time was, in my recollection, if there were a couple of people in 1990 that were in, that was a lot. I don't recall there being that many there. It kind of proliferated after we'd been out of it and there was a disconnect between the Board of Education side and the City side as to this pension.

Alderman Blackwell asked, so would it be beneficial moving forward to put together a plan that we would eventually like the municipal employees to be funded 100 percent and just pay yearly into instead of having the City assume the whole thing?

Mr. Bshara stated, it would cost a significant amount of money, but that is a way to go.

Alderman Blackwell stated, the other thing is that we went that way for the same reasons that I'm trying to explain now.

Mr. Bshara stated, well, the City made the decision at a union request. It's the financial burden to be on the City.

Alderman Blackwell asked, is there anything that's specific to the teachers or can they go into the MERF plan too?

Mr. Bshara stated, teachers can't be covered by MERF. They are in their own plan. This would only be the people that aren't eligible to be in the State Teachers' Retirement System. I believe it's secretaries, paraprofessionals, custodians.

Alderman Evans stated, we have an obligation to pay this money; we have to find a way to pay it. How do we stop this going forward. I don't mean to, whatever we obligated somebody, whatever we promised to somebody, that's what we owe them in form of a pension. But these pensions have got to stop. Eventually health insurance, the people that are paying this, we're paying these pensions for the people that are living in the homes paying these, they're moving because they can't afford to retire because they don't have a pension. When can we move to a 401k and pay for your own health insurance? When do we move forward with the times? This is 30 years ago. Pensions and paid-for health insurance is 20-30 years ago; it's not today.

Alderman Vaccaro stated, I think a bigger issue is, how big is this can that got kicked down the road for 20 years? Why does it come forward in the year 2014?

Corporation Counsel Marini stated, the reason why we're addressing it is sitting right here – it's because the Mayor doesn't want to turn a blind eye to it; he wants to resolve it. He doesn't want it to become a bigger can that continues to be kicked down the road. In terms of Alderman Evans, I think in terms of the future, all options have to be on the table. As we move forward, we're going to have opportunities to change things. I think we start where we are; let's clean up what's been given to us.

Alderman Stowe stated, so, Mr. Nimons, this pension money that hasn't been put in place like it was supposed to, how many people are involved?

Mr. Nimons replied, right now I believe there are 31 to 36 on the plan.

Alderman Stowe stated, so there are 31 to 36 individuals that their pensions haven't been funded. There's not going to be a further surprise of more people added on to this list?

Mr. Nimons stated, that is a question [inaudible].

Alderman Stowe asked, are we going to have Executive Session?

Corporation Counsel Marini stated, we are going to have Executive Session for certain issues on the agenda.

Alderman Stowe stated, Rich, when I looked over at you, I wasn't looking at you like you did it, I was looking at you because of your intellect and my first thought was, I'd like to ask you this question. This had to be discussed time and time again every year, not funding it.

Mr. Bshara explained, 20 years ago it was 200 percent funded, which means we had twice as much money in it as we needed. 10 years ago we had as much money in the fund as we needed. It was fully funded 10 years ago. So all of this has occurred in the last 10 years. It has been discussed; now that people are starting to collect, I believe there are 18 or so people that are currently collecting and another 26-30 that are active in the plan that are going to start collecting. The amount of money needed on a yearly basis to come out of this, coupled with the stock market taking hits, has reduced the amount of available funds to pay for this. So it has been discussed and it has been discussed. It's a matter of, how do we do it.

Alderman Stowe stated, I think I remember this being discussed last term. So what I'm getting out of you is that the projection of the revenue coming in from the investments was supposed to cover this, and when they didn't, the City chose to hope that within a few years that their investments were going to recover. Is that the thinking?

Mr. Bshara stated, no different than most of the 401k plans that people own. I'm sure that is part of the process.

Alderman Stowe stated, and now, instead of looking for an investment to fund this, we're actually going to solidify the funds for this?

Corporation Counsel Marini stated, we're going to discuss possibilities for that. Right now we know there is an obligation. We have statistics that Bill shared and certainly it's public documents so we can show exactly what was contributed to the pension year after year. In short, the City hadn't been contributing. We need to make sure that we're facing this obligation responsibly going forward and we do have Executive Session on for tonight for very specific reasons. One is the sale of City property, a City asset, potential sale. The other involves claims.

Alderman Stowe stated, I appreciate that – it's clearer than it was to me before. Thank you.

### **Executive Session**

At approximately 7:34 p.m., Alderman Radin MOVED to enter executive session to discuss the following topics:

- A) Claims for buyback / City Pension
- B) Sale of City Asset Re: Wakelee Avenue Cell Tower

SECONDED by Alderman Vaccaro. Mayor Cassetti, Corporation Counsel Marini, Chris Tymniak, Sheila O'Malley, Bill Nimons and Unison representative Chuck Brutomesso were invited to remain in the Aldermanic Chambers during the Executive Session. A voice vote was taken and the MOTION PASSED 8-0.

***Return to Regular Session***

At approximately 8:15 p.m., Alderman Adamowski MOVED to return to Regular Session; SECONDED by Alderman Radin. A voice vote was taken and the MOTION PASSED 8-0.

***Action on Executive Session Item***

1. Sale of City Asset – Wakelee Avenue Cell Tower

Alderman Stowe MOVED to authorize Mayor Cassetti to sign the Unison in the amount of 40 years; SECONDED by Alderman Evans. A voice vote was taken and the MOTION PASSED 7 Yes, 1 No (Adamowski).

***Paving of City Streets / Approval of Paving Projects***

Mayor Cassetti stated, the projects - Highland Avenue, Bennett Terrace, Hawley Drive, Central Street, and East Main Street.

Mr. Novak stated, that is with LOCIP and town aid money; referendum money for Nolan Parking Lot and the Little League parking lot. And the last that we still have some debate on was the referendum money for Hilltop, Woodbridge, Bennett, Beech Tree and Oak Lane. I was under the understanding that there was still \$133,000 in referendum money – but I spoke to Mr. Bshara and found that was taken off the board.

Mr. Bshara stated, the referendum was for specific streets and could not be applied to any other streets. That is my understanding of it.

Mr. Novak stated, so we have an issue with two of the roads because we spoke with some of the residents and they need sanitary sewer and they need public water. I don't want to pave the road if I have to do that. So Beech and Oak are up in the air. If that is the case and we can't use the money to do those two roads I'd like to move the money around to some other roads because there are other roads that drastically need to be repaved.

President Tripp stated, there are some very worthy projects and a lot of worthy paving here that needs to be done. How can we get the ball rolling on these other projects that would benefit the entire City – East Main Street obviously.

Alderman Stowe stated, when you're asking where you're going to come up with the funding, is any of the money that we're going to save from our garbage bill, can we use that funding toward paving projects?

Mr. Novak stated, the only monies that we're questioning like I said were the \$133,000 referendum money. We may have that money someplace but we'd like to move it to some other street. For instance, let's say North State Street. We could pave that in lieu of...

President Tripp interjected, but Nolan Field and Little League parking, that was in the referendum, wasn't it? So the people have already spoken on that.

Mr. Novak stated, that's done. It the next – where it says referendum money for Hilltop Hose, Oak Lane, Beech Street.

President Tripp stated, Hilltop Hose was also on the referendum, correct?

Mr. Bshara stated, the question is, was the approval for the specific streets or not? My interpretation is that it was, they're not going to be doing part of those streets or some of those streets, Mr. Novak would like to use that money for other streets that weren't discussed as part of the referendum. I don't know if that's allowed or not. It may be more of a question for Corporation Counsel Marini.

Corporation Counsel Marini replied, I will check the language on that.

Mr. Novak stated, so if I could get what's on this list approved by the Board, whether we're still trying to iron out the issues with the \$133,000, I need to move forward.

Mayor Cassetti stated, I'd really like to get North State Street done; that road is horrendous.

Mr. Novak stated, if we can, we will. But if we put this off another month it's going to put me way behind. I'm already dealing with Tilcon and they're busy. We probably won't see these streets paved until maybe August-September. If we keep putting it off it will be September-October.

President Tripp stated, I think we've got enough here that we can approve that's LOCIP funds and was approved by the bonding issue.

Alderman Adamowski asked, Mr. Novack could you keep in consideration - it was on for this year, and I guess when they re-did the roads, you went out and looked - Morningside Drive. That was on the list, the previous administration had that on for this year. A bunch of the residents on that road have a problem with the drainage on that road. There's no sewers and the water is going right into their driveways. A couple of them go down and they keep getting water into their garages. That's why that road was on there. Somehow it got taken off.

Mayor Cassetti asked, is there a way we can run a storm drain and catch basins on that road? Is there an outlet?

[Multiple speakers at once – inaudible]...

...[Mr. Novak speaking], across the driveway. What we tried to do there, I don't think we're going to give it that much relief. It's the way the house was built.

Mayor Cassetti stated, unless you cut the road down six inches, 4-5 inches.

Mr. Novak stated, then you're talking about reclamation.

Mayor Cassetti stated, I know, it's a big project. [multiple speakers] The problem is that there's no outlet. Where are we going to drain it to? We looked at that, Ed.

Mr. Novak stated, can we do it maybe by putting a driveway lip on? Maybe. I think that would be a cheaper undertaking than try to redesign it right now.

Alderman Adamowski stated, whatever you guys could do, please keep it in mind for the future. [multiple speakers].

Alderman Vaccaro MOVED to do all of the paving projects with the LOCIP and the referendum money except for Beech Tree and Oak Lane; SECONDED by Alderman Adamowski. A voice vote was taken and the MOTION PASSED 8-0.

### ***Review of Summerfest Event Coordinator Contract***

Corporation Counsel Marini stated, you've had the contract. We got that out to you. This is an agreement with an independent contractor, Greg and Gary who are operating under an LLC. They are required to get insurance for the event with the City being named as an additional insured, that's \$1 million in coverage. There's a hold harmless essentially in the indemnification portion of the agreement that holds the City harmless for any acts or omissions of negligence on their behalf. They are responsible for the coordinating, the City holds the purse strings, and the City goes through the normal budgetary, whether it be purchase order or other allocation process with respect to the vendors. We are the ones who pay the bands, we're the ones who have contracts with the bands, we're the ones that take the money in from the vendors; we're the ones who have vendor agreements. So we're not putting the independent contractor in the City's place – they are the facilitator for the event. I want to be clear on that. That is what this relationship is - an independent contractor to run the event, to raise money, to coordinate what's happening. The City is not giving up any power, any spending authority to Greg and Gary as the LLC.

The compensation is probably the most interesting part of this. It's been said before but there is beyond staffing, there's \$3,000 in staffing that we will be paying no matter what, to Greg, Gary and his team to staff the event. To run the gate, to run anything and everything in between. Whether it's parking, organizing the band, organizing people for fireworks or the baseball game, we are not going to employ

City workers to do all that; we're going to be using Greg, Gary and their team of volunteers and employees. We're giving them \$3,000 in terms of payment to pay for those services. Beyond that, they do not get compensated unless all costs are covered. When we talk about costs, we're talking about everything and anything – payment of the vendors, payment of entertainment, payment for fireworks. All of that needs to be paid first in addition to our Public Works costs, our Police Department costs, any Fire Department costs, anything and everything, hard costs and soft costs. Once they are covered, and once everything is satisfied, then the agreement is to provide a powerful incentive for our independent contractor, event coordinators, to deliver. The incentive is that every dollar above that, think of it in terms of the event profit, every dollar earned through concessions, through vendor sales, vendor agreements, admissions, up to \$15,000 would be given to Greg and Gary through the LLC. So their objective, obviously is to get us to a point where all the City's costs are being covered, so they could reap \$15,000 in compensation. Above that \$15,000 is essentially a profit split. So if this event was a smash success and we actually covered our costs and earned more than \$15,000 in profit, then the City would split 50-50 everything additional, with Greg and Gary. Those are the highlights of what the agreement is.

Alderman Blackwell MOVED to approve the contract; SECONDED by Alderman Stowe. A voice vote was taken and the MOTION PASSED 8-0.

### ***Adjournment***

**Alderman Stowe MOVED to adjourn; SECONDED by Alderman Adamowski. A voice vote was taken and the MOTION PASSED 8-0.**

The meeting adjourned at approximately 8:32 p.m.

Respectfully submitted,

Patricia M. Bruder, Secretary  
Ansonia Board of Aldermen