

BOARD OF POLICE COMMISSIONERS

MINUTES of the Special Meeting of the Board of Police Commissioners held at the Southington Police Department conference room on July 9, 2007.

The meeting was called to order by Chairman Forgione at 8:00 a.m. Commissioners Triano, Nevelos and Cotton were present. Commissioner Verderame was absent.

Chief John Daly was present

Town Attorney Mark Sciota was present

Finance Director Emilia Portelinha was present

Chairman Forgione advised all present that Commissioner James Verderame had indicated to him that he would not attend this meeting and had not attended past meetings due to the subject material and his personal involvement with one of the bidders concerning the Police Retirement Fund.

Finance Director Emilia Portelinha informed Commissioners of the result of the bidding process. Ms. Portelinha commented that the three lowest bidders who did not offer a Cost of Living Allowance were AIG, Pacific Life and John Hancock. Ms. Portelinha commented that the lowest bidders who did offer a Cost of Living Allowance were AIG, Transamerica Life Insurance and Met Life. Ms. Portelinha also remarked that a couple of the bidders used the wrong base in submitting their proposals.

Chairman Forgione questioned Ms. Portelinha as to the instructions accompanying the bid process. Ms. Portelinha replied that the instructions were specific. Ms. Portelinha then made a recommendation to the Board that it not purchase insurance with the Cost of Living Allowance. She further commented that the Police Pension has never included the COLA.

An extensive discussion followed and Attorney Sciota discussed how the COLA works citing that the Town Council reviews each retiree's file and each retiree has to meet a certain criteria in order to be eligible for a COLA. Attorney Sciota also stated that the Town Council has the right, not an obligation, not to offer COLA every three years. His thoughts concerning the COLA were that if it was something we could relieve the Town of, accepting a bid proposal with the COLA would be in the best interest of the Town. However, in his opinion, while the lowest proposal used the correct amounts in the bid calculations and remembering that the COLA is paid out of the General Fund, we now feel that the \$1.2 to \$1.3 million needed would take so many years to recoup that is not worthwhile. He believed using \$1.2 to \$1.3 million of the money over the next 25 to 30 years is just not worth it. Chairman Forgione inquired, as to the COLA payments, that the Town, through the Town's General Fund, takes care of all COLA payments. Attorney Sciota replied, "it did". He further commented that because of the excessive cost of assuming the COLA, Mr. Weichsel and myself are in full agreement with Emilia's

recommendation. Attorney Sciota further commented that the Town would still have two bills to contend with which are Hooker and Holcombe, the actuaries who run the numbers to determine which retirees will receive a COLA and the actual line item increases for the retirees who are receiving the COLA. Attorney Sciota further commented that the Town will continue to do that rather than spend the \$1.2 to \$1.3 million dollars it would cost.

Commissioner Triano questions as to what the Fire Department does and how are they handled? Ms. Portelinha replied the Fire Department is totally in MERS.

Attorney Sciota then remarked that the Police Department is dealing with a private retirement fund and reviewing the number of retirees currently in the system and the fact that there are some younger retirees, the COLA could be in effect over the next 40 to 50 years. Attorney Sciota remarked that Hooker and Holcombe will continue to calculate the COLA for retirees and there will be times when the COLA cost will be less due to the current age of retirees and there may be no COLA and then there will be times where it will increase and despite these possibilities, the Hooker and Holcombe fee is minimal compared to the possible \$1.3 million cost.

Chief Daly questioned if any changes need to be made to the 1951 Act? Attorney Sciota remarked that the decision would be strictly up to the Board but we are not proposing a change in any of the retirees' rights and the retirees will still be receiving the same amount of money and in his opinion nothing has to be done. Attorney Sciota further informed the Board that he did report in Executive Session to the Town Council and they are fully aware of what is going on.

Chairman Forgione questioned Attorney Sciota on the timetable. Attorney Sciota remarked that whoever you go with, the Board would have either the Chief or Emilia orally contact the firm and inform them that their proposal had been selected. The next step would be that the Agent selected will send out contractual documentation. After the contractual documentation is approved, a transfer of funds will take place on August 1, 2007. The Agent would then individually contact each retiree and schedule individual meetings with each retiree along with at least one general meeting. The last step would be that the Board would then request Banknorth to calculate what remains in the Police Retirement Pension Fund and the remaining funds would be transferred into MERS to reduce the annual payment for back service liability.

Attorney Sciota commented that he will be requesting that the Board of Police Commissioners and the Town Council vote on the contractual documents for protective purposes. Chairman Forgione asked if the Town Council members had voiced any concerns. Attorney Sciota responded that he has informed the Town Council members, in Executive Sessions, of all pending proposals and recommendations, and there had been no objections voiced in Executive Sessions.

Commissioner Cotton questioned why the computations included commissions to be received by the Agent when the Board requested that no commissions be cited. Commissioner Triano remarks that the commission does not matter and Finance Director Emilia Portelinha commented the commission amounts were included only for informational purposes.

Chief Daly asked, "when will the contracts arrive?" Attorney Sciota remarked that the contracts should come between now and this September and after the August, 2007 payment is made a final accounting will be requested from Banknorth and the payments will come into effect starting on October 1, 2007.

Chairman Forgione called for motions:

MOTION made by Commissioner Cotton that the Board has chosen to go with the lowest proposal, without COLA, with the understanding that the Town Council will revisit the COLA issue every three (3) years as it has done in the past, seconded by Commissioner Nevelos. All commissioners voted in favor. Motion passed with four affirmative votes which included Chairman Forgione.

MOTION made by Commissioner Cotton that the Board award absolutely to the lowest bidder, AIG Life Insurance, as stipulated for the sum of \$13,210,925 and authorize the Finance Director to notify the Agency today of the award and further to have the amount transferred on August 1, 2007 with the first payment date to the retirees on October 1, 2007, seconded by Commissioner Triano. All commissioners voted in favor. Motion passed with four affirmative votes which included Chairman Forgione.

MOTION made by Commissioner Cotton to adjourn the meeting, seconded by Commissioner Triano. All commissioners voted in favor. Motion passes.

Meeting adjourned at 8:40 a.m.

Respectfully submitted,

Joanne D. Palmieri