

## SAU 56 BOARD MEETING

March 24<sup>th</sup>, 2008

SAU 56 Conference Room

7:00PM

**ADMINISTRATORS PRESENT:** Diane Law, Supt. Soule, Marie D'Agostino

**VISITORS:** Dean Mitchner, NHSBA

**PRESS**

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1. **CALL TO ORDER:** Karen Soule called the meeting to order at 7:00PM.  
Upon call of the roll the following members were present: Perkins, Knowles, Lamaroux, Richardson, Cowan, Rivers, Macleod, Riotto and Bolduc. Absent: Houde, Owens and Fjeld
2. **Comments By Visitors:** None
3. **Consent Calendar:**

**Removal of Items from the consent calendar:** None

**Approval of Consent Calendar:** A motion made by Perkins seconded by Cowan to approve the consent calendar as presented. **VOTE:** motion passed, unanimously.

4. **Approval of Minutes of: November 15th 2007, November 26<sup>th</sup> 2007, December 12<sup>th</sup> 2007:** Consent
5. **Curriculum:** None
6. **General Correspondence:** None
7. **General Functions:**

**7.1 Election of Officers:** Supt. Soule stated that after the election of officers she would like to let Dean Mitchner from NHSBA speak. A motion made by Knowles seconded by Macleod to nominate Mark Richardson for Chairperson. **VOTE:** Motion passed, unanimously. A motion made by Knowles seconded by Macleod to nominate Gary Fjeld for Vice Chairperson. **VOTE:** motion passed, unanimously. A motion made by Bolduc seconded by Riotto to nominate Marie D'Agostino for Treasurer. **VOTE:** motion passed unanimously. A motion made by Macleod seconded by Perkins to nominate Katie Krauss for Assistant Treasurer. **VOTE:** motion passed, unanimously.

### **8. Business and Financial:**

**8.1 To see what action the board will take re: Request from the NH Municipal Association to contribute to the litigation against additional retirement costs:** Dean Mitchner from NHSBA stated that the NHSBA got involved in the Retirement issue 2 years ago when seeing that there was a potential problem. He stated that he worked on the bill that passed last year HB 653. There was a commission established by the legislature, he represented the NHSBA on that. He stated he is here to answer any questions regarding the letter we received from NH Municipal Association. He stated that it's a very complicated issue. He stated that the retirement system has dropped its funding ratio from 100% to less than

60%. He stated that there is a 2.7 billion dollar unfunded liability. He stated that with the passage of HB 653 we addressed this problem, by having the employers fund this over the next 30 years built in the contribution rates. He stated that we got to this point due to 1.) An accounting formula on how to project costs, it was called open group aggregate. He said it's not a good funding methodology to use. It deferred costs and made us look better than we were. As a result it kept employer rates lower. 2.) Gain Sharing- When there was an assumed rate of return on our investments, a law was passed in the 80's, that any returns 1/2 % greater than the assumed rate of return was put into a special account to be used to fund other benefits, specifically colas and medical subsidy. This is a monthly payment to offset insurance premiums. He stated that when this was created there was also an 8% increase annually. He stated that we had poor return on investments. He stated that almost a billion dollars was taken out of the corpus and put over in the special account. He stated that last year in HB 653 they were able to change the gain sharing, so that there is no more gain sharing unless two conditions are met: 1. Investment returns have to exceed 10.5% and 2. The funding ratio has to be 85% or more. He stated that in order to fund a medical benefit, pension proceeds can't fund a non pension benefit. That is an IRS regulation, so a special medical account was created which is okay. 25% of employer contributions go into the special medical account, but employers never agreed to fund a new benefit so the way it was done is the special account reimbursed that same amount into the corpus. The problem that we find ourselves in now is that they have been told they can't do indirectly what you can't do directly. The reimbursement is really pension money for a non pension benefit. Last July 1<sup>st</sup> the trustees decided that the 25% will still go in to the special account, but the reimbursement will not take place. He stated that the projected rates for Teacher will go to 10.10% for pension and unfunded liability and 3.37% for the medical subsidy for a total of 13.37%. He stated that the bill that just passed the house is almost a wash, because the rate for teachers would go down from 13.37% to 10.72%. HB 1645 takes 250 million dollars from the special account and puts it back in the corpus. Diane Law asked if there was any consideration of only having the employee eligible for the medical benefit and not spouses. Dean Mitchner stated that it is only good for 1 or 2 person policies. He stated that the medical benefit already is a 2 tiered system. If you are a police or fire fighter you had to be hired by 2000 to receive this benefit, so new employees are not receiving this benefit. Teachers and Employees have to retire by this July to receive this benefit. There is a bill that extends that by 1 year, but you have to be

eligible by this year, but you don't have to retire until next July. Supt. Soule asked if we are better off to wait to see what happens with the bill, and if we decide to put our money in now what happens to our money. Dean Mitchner stated that he believes that the noise that we are making has had a lot to do with the provisions that are in place with HB 1645. He supports what they're doing and he would welcome our contributions. He stated that the money is going into a pot and there is going to be a steering committee made up. Any money that is unspent will be prorated and refunded. Lamaroux questioned if we must contribute the money now to be a part of this. Mitchner stated no, if we don't contribute now they will do everything we can to move forward. A motion made by Cowan seconded by Perkins not to contribute to litigation at this time. Riotto stated that she would like to see what happens to this bill, but would not be opposed to contributing at a later date. Bolduc stated that they are working for us to save us money and he thinks it's very important for us to do. He stated that it is to our benefit to contribute. Perkins stated that he agrees with not contributing at this time. Richardson stated that the City Council is always asking us what we are doing to keep the tax rate down. This is doing something about it. He would vote to put what we can to this effort. Macleod stated that she wants them to fix the problem by what ever means necessary. She stated that she is in favor of doing what we can. VOTE: motion failed 6 yeses to 3 nos. A motion made by Macleod seconded by Rivers to send \$201.36 to fund the litigation by NHMA to be taken from the legal fees line. VOTE: motion passed 6 yeses and 3 nos.

**7.2 Appointment of committees and Representatives:**

**Legislative Committee:** MHC Macleod, Caroline Lamaroux

**Seacoast Educational Services:** Marie D'Agostino

**Strafford Learning Center:** MHC Macleod

**SAU Staff Development:** Jim Cowan, Stephanie Riotto

**SAU 56 Budget Committee:** Jerry Perkins, Mark Richardson, and Denise Knowles

**SAU 56 Executive Committee:** Jerry Perkins, Mark Richardson, and Denise Knowles

**7.3 To see if the board will authorize the Superintendent to make application for, and to receive in the name of the Board, such advances, such as grants in aid, or other funds for education purposes as may now or hereafter be**

**forthcoming from the United States Government or any department or agency thereof or from the State of New Hampshire or any department or agency thereof of any non-governmental agency or person:** A motion made by Macleod seconded by Riotto to authorize the Superintendent to make application for, and to receive in the name of the Board, such advances, such as grants in aid, or other funds for education purposes as may now or hereafter be forthcoming from the United States Government or any department or agency thereof or from the State of New Hampshire or any department or agency thereof of any non-governmental agency or person.

**8.2 Financial Report:** Supt. Soule stated that there is a budget update included in the packet. She also stated that due to new IRS regulations we need to have a 403(b) plan document in place and this is something that we are not able to do ourselves, so we need to hire a company called Gatekeeper to assist us in writing this plan. She stated that the cost is \$1200 and then \$3 per employee that participate.

**8.3 Certified Staff Benefits:** A motion made by Bolduc seconded by Perkins to have the board take action on this item tonight. VOTE: motion passed, unanimously. A motion made by Knowles seconded by Perkins to accept the proposed changes. Macleod stated that she is in favor of rewarding merit of a person's work, but she is not in favor of rewarding someone for being married or having children with the health insurance. Bolduc asked if the health insurance changed. Knowles stated no. VOTE: motion passed, 7 yeses and 2 nos.

## **9. Employees**

**9.1 Nomination of Certified Staff:** A motion made by Macleod seconded by Knowles to make this item an action item tonight. VOTE: motion passed, unanimously. A motion made by Macleod seconded by Perkins to accept the nominations of the certified staff. VOTE: motion passed, unanimously.

**10. Building and Grounds:** None

**11. Pupil Related Matter:** None

**12. Board Reports:** None

**13. Old Business:**

**13.1 MHC Letter:** Macleod stated that when she brought this letter forward she didn't realize that the board's goals would be separate so she doesn't feel that this is the appropriate place to bring this letter.

**14. New Business:** None

**15. Future Meeting Dates/Suggested Agenda Items:** May 5<sup>th</sup> 2008 SAU 56 Board Meeting, 7:00pm, SAU Office. Support staff nominations.

**16. Closing Comments**

**16.1 Visitors:** None

**16.2 Board Members:** Macleod stated that she would like to review goals on a regular basis.

**17. Non-Public Session: None**

**18. ADJOURNMENT:** A motion by Cowan seconded by Riotto to adjourn.

**VOTE:** motion passed, unanimously. Meeting adjourned at 9:05PM.

Katie Krauss

Recording Secretary

Pending Board Approval