

Finance Committee Meeting  
Acton Water District  
693 Massachusetts Avenue  
Acton, MA 01720

January 11, 2019 12:00 noon

In attendance were Finance Committee Members Bill Guthlein, Chuck Bradley, David Butler (via phone) and Bill Mullin. Also, in attendance, Chris Allen, District Manager, and Mary J. Bates, District Treasurer.

The meeting was called to order at 12:00 noon by the chair, Bill Guthlein.

#### **Approve Minutes**

Mr. Bradley made a motion to approve the minutes of the October 23, 2018 meeting as presented. Mr. Butler seconded the motion and it was unanimously approved.

#### **FY 2020 Budget**

Mr. Allen presented the final FY 2020 Budget for approval. After discussion of the line items, Mr. Butler made a motion to approve the budget as presented. It was seconded by Mr. Bradley and unanimously approved.

#### **FY 2020 Warrant**

Mr. Allen presented a draft of the Warrant for Annual District Meeting. Article 14 calls for the appropriation of \$9,242,000 for the construction of the Acton Center Treatment Plant. Although the Pilot Report has not been received on the project, Mr. Allen and the Engineer have discussed the results and the report will recommend green sand filtration for the Conant sources. The District was approved to borrow the entire \$9,242,000 from the Clean Water Trust at a rate of 2%.

Article 15 calls for the appropriation of \$650,000 from the Grace Fund for design engineering of the project. These costs are not eligible for funding from the Trust. Mr. Butler and Mr. Bradley are not in favor of spending so much of the Grace Fund. Mr. Bradley would prefer to see the Grace Fund grow. Mr. Guthlein was in favor of spending the Grace fund as the current investment limitations adversely impact investment returns and the ability to diversify among securities. Mr. Butler would prefer that the District borrow the funds.

Mr. Allen indicated that this is a preliminary engineering estimate and that it could be less than \$650,000. After discussion, Mr. Butler made a motion to approve borrowing of the \$650,000 for engineering of the Acton center Treatment Plant. Mr. Bradley seconded the motion and it was unanimously approved. Mr. Bradley made a motion to approve the warrant as amended. It was seconded by Mr. Butler and unanimously approved.

### **Rate Increase Proposal**

Ms. Bates presented the rate increase proposal. The increase will be needed in FY 2020. The Debt Fee is increased as of the January 1 bill to account for the debt for the District's purchase of 585 Main Street. This rate increase would generate approximately \$342,226. It also calls for a reduction in the current block rate tier. Currently, the blocks are 2000cf. The proposal calls for 1500cf tiers. This would simplify the billing if the District goes to semi-monthly or monthly billing in the future. Mr. Guthlein would prefer to see a rate scenario that includes the debt fee. For the February 21, 2019 meeting, Ms. Bates will work on a rate increase proposal that includes the debt fee for comparison. There was also discussion of eliminating the winter rate and going to a year-round rate.

### **OPEB Valuation**

Ms. Bates presented the OPEB valuation as of June 30, 2018. The funded ratio of the District is currently 83%, with a Total OPEB Liability of \$1,170,622, a Fiduciary Net Position of \$974,781 and a Net OPEB Liability of \$195,841. The Middlesex Retirement System Valuation as of January 1, 2018 shows the District's share of the Unfunded Accrued Actuarial Valuation is \$3,461,378. Middlesex Retirement Valuation indicates that the funded ratio of the system has gone up from 44.32% in 2016 to 49.27% in 2018.

### **Finance Committee Annual Report**

Mr. Guthlein presented his draft of the Annual Report. After discussion, it was agreed that he would provide the report via email for comments. The report should be finalized by January 28.

### **Investments: Grace & OPEB**

Mr. Guthlein is advocating for a Stabilization Fund, and the liquidation of the Grace Fund. He believes that this would allow better investment strategy than the Grace Fund, which is limited to Legal List Investments. Ms. Bates is still researching the investment policies. This item will remain on the Agenda to be taken up at a future meeting.

Mr. Bradley made a motion to adjourn the meeting at 2:25pm. It was seconded by Mr. Butler and unanimously approved.

All documents referred to in the minutes are available for inspection at the Acton Water District Office, 693  
Massachusetts Avenue Acton, MA 978 263.9107