

**Acton Water District
Finance Committee Meeting Minutes
September 8, 2023
693 Massachusetts Avenue
Acton, MA 01720**

In attendance were Finance Committee members Ron Parenti, Bill Guthlein, and John Petersen. Also in attendance, District Manager: Matthew Mostoller, District Treasurer: Christine McCarthy
Public Present: Kim Kastens

Mr. Ron Parenti called the Finance Committee meeting to order at 8:03 AM.

Accept Minutes from the May 26, 2023, June 17, 2023 and June 26, 2023 meetings

Mr. Parenti inquired about the email address for the Finance Committee. Mr. Mostoller said this has been looked into and one will be created, it will be a generic email account and emails will be automatically forwarded to the members of the finance committee. We just need to verify the email addresses the Finance Committee would like to use for forwarding. Mr. Parenti also inquired about where the materials for the finance committee meetings are kept since they are not on the website and questioned why the materials aren't being placed on the website. Ms. McCarthy stated that all finance committee meeting materials are kept in a binder and can be reviewed at any time. She also has electronic files for each meeting. Mr. Mostoller commented that the District website doesn't have the storage capacity to support uploading all the meeting documents; a document management system such as DocuShare is very expensive.

Mr. Parenti made a motion to approve the May 26, 2023 minutes. Mr. Petersen seconded, and it was approved by a roll call vote:

Mr. Guthlein, yes, Mr. Parenti, yes, Mr. Petersen, yes

Mr. Guthlein made a motion to approve the June 17, 2023 minutes. Mr. Parenti seconded, and it was approved by a roll call vote:

Mr. Guthlein, yes, Mr. Parenti, yes, Mr. Petersen, yes

Mr. Petersen made a motion to approve the June 26, 2023 minutes. Mr. Parenti seconded, and it was approved by a roll call vote:

Mr. Guthlein, yes, Mr. Parenti, yes, Mr. Petersen, yes

Comments from the Public

Kim Kastens- inquired if there was a way to be notified when a Finance Committee meeting is posted- ie. an alert system or email notification? She is also happy to hear the Finance Committee will be getting an email address.

Treasurer's Update

- Investment Policies- General Fund, Grace Fund, OPEB Trust
- Reserve Policy
- Short-term Borrowing

The finance committee referred to the Memo from Ms. McCarthy dated September 5, 2023. Ms. McCarthy reiterated the importance of having up to date policies in place. She also informed the finance committee that the District is due for an updated bond rating, and this is anticipated to take place in the Spring, prior to the District issuing the General Obligation Bond for the BAN's that will be converted to permanent financing. One of the areas that the rating agencies look at is financial management, which includes policies.

A discussion ensued regarding the District's existing policies and the objective for % reserve, parameters, etc. Ms. McCarthy asked the finance committee how they would like to approach this. The finance committee asked Ms. McCarthy to review and redraft the District's existing policies. She will have the draft available for the next scheduled finance committee meeting. Prior to the next scheduled meeting, Mr. Petersen will look for examples of policy table of contents and find the primary documents for the Town of Acton. Mr. Mostoller cautioned that if we go down this road of policies, we need to be careful that the policy structures don't get too unruly- must focus on what is most critical.

- Audit

Ms. McCarthy informed the finance committee that the annual audit was performed the week of July 24th and it went well. We have not received a copy of the draft financials yet, but these should be available shortly. Ms. McCarthy went on to say that one of the recommendations is to move to a different software. The District has used custom software for accounting, billing, and payroll for many years that was developed and is managed in-house. This presents a risk to the District. Ms. McCarthy is exploring software options. Additionally, the District does not currently have a capitalization policy. Ms. McCarthy asked the finance committee to make a recommendation.

Mr. Petersen made a motion to recommend a capitalization policy of a minimum value of \$10,000 with at least a 5-year life expectancy. Mr. Parenti seconded, and it was approved by a roll call vote:

Mr. Parenti, yes, Mr. Guthlein, yes, Mr. Petersen, yes.

- Discussion of Special Permanent Funds
 - Stabilization

The finance committee expressed their views. Mr. Parenti asked if we should continue to spend down the Grace fund? Should we establish another stabilization fund? Mr. Guthlein stated that you typically establish the fund during good times and spend the fund during tough times. He thinks we should let Grace go away and establish a new fund in the future. Mr. Petersen thinks we should establish a stabilization fund policy and establish the fund, but not fund it right now.

A discussion ensued and Mr. Mostoller stated he likes having specialized "pots" of money as funds, ie. Mitigation, Grace, etc. He doesn't want the Grace fund to go away; he feels we should try to build it back up. He also likes the idea of establishing a separate stabilization fund but not funding it right away.

Kim Kastens raised her hand and said she was enjoying this conversation. She asked how you recognize the inflection point where you determine when to spend from a stabilization fund versus when you invest in it.

Mr. Guthlein responded that what comes to mind is "I know it when I see it." He further explained a period of reduced capital spending is when you would invest in the fund. Mr. Parenti stated he sees the District spending more and more in the next decade. Mr. Petersen gave examples such as a period where debt is not increasing and/or is being paid down and receipt of one-time revenue are times when you would invest in the fund.

Mr. Parenti commented that we also need to look at how MWRA expenses fit into this. Mr. Mostoller said if we switched over to the MWRA it would be more of a tradeoff. For example, when the NAWTP reaches the end of its useful life we wouldn't be replacing it.

Rate Study

Mr. Parenti stated he feels the Board of Commissioners is kicking the can down the road. Mr. Mostoller informed the finance committee that he and Ms. McCarthy are currently working on modifying the scope of work based on feedback received and that several companies have been identified that could potentially perform the rate study. Mr. Guthlein inquired about surveying ratepayers.

Kim Kastens raised her hand and said she did not feel the Board of Commissioners is kicking the can down the road. She discourages amateur survey making because subtle differences in wording can yield major differences in responses.

Mr. Mostoller mentioned that a survey was done in 2015. Respondents at that time felt the value they were getting for the cost were positive. Mr. Petersen asked if there was a policy on rate setting and Mr. Mostoller said there is not.

Formatting of Meeting Agendas

Mr. Petersen has no specific items for today. He does think we should have a cadence for the meetings, and at the end of the meeting discuss when to hold the next meeting.

Availability was reviewed and it was decided that the next meeting would be held on Friday, October 27th at 8am.

Mr. Petersen motioned to adjourn the finance committee meeting at 9:37 AM. Mr. Parenti seconded, and it was approved by a roll call vote:

Mr. Parenti, yes, Mr. Guthlein, yes, Mr. Petersen, yes.