

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

October 24, 2017 12:00 noon

In attendance were Finance Committee Members Bill Guthlein, Chuck Bradley and David Butler. Also in attendance were Bill Kingman, Brewster Conant, Chris Allen, District Manager, Mary Bassett, District Counsel and Mary J. Bates, District Treasurer. Karen Bottar, Boston Financial joined the meeting at 12:30.

The meeting was called to order at 12:05pm.

Approve Minutes

Mr. Butler made a motion to approve the minutes of the May 2, 2017 meeting as amended. Mr. Guthlein seconded the motion and it was unanimously approved.

Stabilization Fund

Mr. Guthlein requested an opinion from the Commonwealth of MA Division of Local Services regarding the investment of a Stabilization Fund outside of the List of Legal Investments.

In the letter from Anthony Rassias, Deputy Director of Accounts at the Bureau of Accounts, he quoted MGL c40 s5B, which refers to the Division of Banks. According to Mr. Rassias, those statutes were amended several years ago to allow for broader investments. He cautioned that any investment outside the Legal List must still be a prudent investment. Mr. Guthlein would like to see the Grace Fund liquidated and used to fund a Stabilization Fund to allow for a better return on investment. Mr. Butler did not interpret the opinion as allowing prudent person investment standards. Attorney Bassett cautioned that the Grace Fund is a Receipt Reserved for Appropriation and is for a particular purpose.

Ms. Bates and Attorney Bassett will review the statute and ask colleagues about their investment practices. Attorney Bassett cautioned that even though the District Treasurer is

bonded, the Treasurer is still bound by MGL and has the statutory authority and liability for investment of all District funds.

Boston Financial Update

Karen Bottar made a presentation on the Grace Fund and the OPEB fund.

The Grace Fund has a market value as of 10/17/17 of \$2,418,301. The latest year return on the fund is 7.62%, and the year to date return is 3.6%. The 5 year rate of return is 4.96%

The OPEB Trust Fund has a market value as of 10/17/17 of \$841,432. The latest year return on the fund is 7.68%, and the year to date return is 4.5%. The 5 year rate of return is 6.78%

Other Business

Mr. Bradley asked if the format for reviewing the Annual Report is still satisfactory for the Committee. After discussion, it was determined that the process worked fine.

Mr. Bradley suggested that the Committee review the Salaries and Wages line item in detail this year as part of the budget review.

Mr. Bradley would like there to be some training or SOP for associate members.

Ms. Bates informed the Committee that the District will need to create a Revolving Fund for Mitigation Fees at the next District Meeting. Mitigation Fees are charged when a new connection has an increased demand from the previous use. Currently there is \$46,075 in fees that should be in a revolving fund to allow for expenditure as part of the District's Water Management Permit renewal. There will be a warrant article to set up the account and to fund it from those deposits.

Mr. Guthlein made a motion to adjourn the meeting at 2:40 pm and it was unanimously approved.

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