

Minutes of the Acton Finance Committee Meeting JULY 26, 2011 7:30 pm – Faulkner Room,
Acton Town Hall

Pursuant to a notice duly posted with the Town Clerk and with a quorum of members present, the Acton Finance Committee convened at 7:30 p.m. on July 26, 2011, to review various matters.

Members Present: Mary Ann Ashton, Maynard Brandon, Patricia Clifford, Robert Evans, William Mullin, Steve Noone, Clint Seward, and Doug Tindal.

Members Not Present: Paulina Knibbe

Chairman Mullin called the meeting to order at 7:30 pm. There was no response to the invitation for public participation and consideration of the minutes from July was deferred.

Health Insurance

Mr. Noone and Mr. Evans presented a summary of the Health Insurance Reform Act discussed at the July 20 meeting for members who had been unable to attend. Referencing the presentation distributed by Mr. Murray, they made the following key points:

- There are two ways to save money potentially: 1) plan design changes and 2) transfer to the GIC (state) plan
- Either path requires a vote of both the Board of Selectman and the Acton Boxborough Regional School Committee; the decision will impact bargaining
- Both paths require an estimate of savings based on statutory requirements and pending regulations; consultant other than current HIT advisor could provide analysis
- New law makes it easier to set up the necessary trust after an approach has been chosen
- Finance Committee at July 20 meeting did not take a stand on a path, but agreed we needed a common set of facts and recommended HIT engage Segal to perform analysis.

During discussion, Mr. Seward asked about the impact of changing plans on the Town's unfunded liability. Mr. Evans said changing could lower the liability by shifting costs onto employees. In response to Mrs. Ashton's question regarding the consultant's qualifications and cost, Mr. Evans indicated the cost factor was still unknown but that Mr. Murray believed Segal had done more modeling work and that decisions made on information developed by an outside firm would be easier to defend. The Chair commented that no dollar amount had been reported, but the HIT needed a tool even though the cost benefit analysis was unclear. Ms. Clifford commented that a number of officials attending the meeting in various capacities indicated they would find additional data helpful. Mr. Noone explained that Cook & Co, the HIT advisor, does stand to lose if there is a switch to the GIC.

ALG Introductory Meeting

Attended by Mr. Mullin and Mr. Tindal. Highlights: established ground rules, spreadsheet will be maintained by Mr. Aicardi; agenda items for fall meetings to include definition of opening balance and reserves. Town Manager announced potential for additional aid distribution from the State. Mr. Seward, who also attended the meeting, reported that Mr. Barrett had reported a total of \$4.9 million in unencumbered Free Cash.

Discussion of Risk

The Chair asked for comments on a paper discussing risk circulated to the Committee.

Seward: We are at 100 percent risk of financial difficulties as long as we continue to deficit spend. We should look at how we handle staffing and make better use of technology.

Tindal: Agrees on use of technology where proved effective; endorses an Operations Task Force to better inform decision makers who adopt budgets, particularly in regard to Life Safety issues.

Noone: Has an economist's perspective: sole reason to take higher risk is higher reward; sees no justification to take more risk than we have to.

Ashton: Agreed with Mr. Noone; pointed out that in business there are many more options available to manage risk and raise revenue while government is less flexible. We should take as little risk as possible as long as citizens demonstrate a willingness to support services.

Brandon: We should identify marginal benefit through analysis rather than profit margins.

Chair's Update

The Chair shared monthly State revenue reports showing continued strength. The Committee shared the status of various white paper projects and agreed to bring as much material to the August 23 meeting as possible.

Committee Reports

ACHC	Clifford	Towne School Building construction has begun; expected to finish in about a year
HIT	Evans	Carrying a \$490,000 balance reflecting \$15 million in revenues and \$14.6 million in expenses; appears FY12 may be a negative year as impacts of new contracts are realized
EDC	Tindal	New Chair and three new members and BOS liaison; reworking goal statement
Morrison Farm	Mullin	Committee to meet in fall
Friends of Lower Fields	Mullin	Would be formally reporting details of this public private partnership to School Committee

Mr. Evans asked School Committee reps to learn what Acton is doing to monitor CASE in light of the financial improprieties at the Merrimack Valley special education consortium.

Adjournment

At 8:25, Mr. Brandon moved adjournment, seconded by Mr. Noone.

Respectfully submitted,

Patricia Clifford, Clerk