

Minutes of the Acton Finance Committee Meeting AUGUST 23, 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 AUGUST 23, 2011, to review various matters.

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

Chairman Mullin called the meeting to order at 7:30 pm. There was no response to the invitation for public participation.

Minutes: The Chair asked for discussion of the Minutes for the July 20 and July 26 meetings. Mr. Seward said he believed the report of the discussion at the July 20 meeting did not include enough detail and offered to write up the points he remembered. The Chair reminded the Committee that the composition of minutes had been discussed in the past and that the Open Meeting Law does not require a transcription. He said he felt the Minutes met the requirements of the Open Meeting Law. Mr. Tindal agreed and moved approval of the Minutes as presented. Mr. Noone seconded the motion. Mr. Brandon said he was not inclined to suggest more work but would favor more detail when hard dollar numbers were involved. Mrs. Ashton asked for clarification of the Motion to confirm it covered both sets of Minutes. Mr. Tindal confirmed her understanding and the Chair called the vote which was 8 ayes and 1 no (Seward).

White Paper Project: The Chair introduced a memo titled Production Plan for the White Paper. There was general discussion to clarify the schedule; the Chair agreed to update and re-distribute the memo via email. Mr. Tindal observed that the next chair would inherit work begun as part of this process and that the White Paper should be revisited over time. He suggested a more formal bridge with the 2020 Community Plan. Mrs. Clifford observed that the nature of financial recommendations would have inherent momentum of at least 18 months to work through the appropriation process.

Project Updates:

1. Long Term Financial Strategy (Noone): Group has refined a model/matrix; working on a list of assumptions. They plan to coordinate with 2020 and the schools and integrate with other white paper topics such as OPEB and capital.
2. Capital Planning (Clifford): Research on current status and draft recommendation completed; Mr. Seward is working on a list of tools that will help spending decisions. He said he likes the Boxboro Capital Plan and believes Acton should have something similar, along with a detailed schedule of debt service and bonding payments to dovetail with a schedule of items needing replacements over time. In response to a question from the Chair about what would be different from what is currently being done, Mr. Seward explained he envisioned a detailed collection of data rather than a summary report.
3. OPEB / AAL (Noone): Draft on table for discussion later in meeting.
4. Fixed Asset Management (Tindal): Draft is 75 percent ready; needs to amplify guidance from the Finance Committee and add action steps.

5. Legal Services Review (Evans): Research ongoing; observed that operating entities appear to become attached to counsel despite practices to evaluate. Report in late September.
6. Reserve Policy Review (Mullin): Updates and coordination of reports done by Msrs. Chinitz and Ashton substantially completed. Draft of conclusions at next meeting.
7. Metric Project (Ashton): Data collected and selected; sketched out metric with sample analysis. Estimating ten variables reflecting revenues, expenses and property tax burden. Will circulate first to FinCom, then more broadly to assure we are looking at areas people need.
8. Fiscal Impact (Brandon): heavy travel schedule; will have working product for next meeting.
9. Cost Savings (Noone): Finalizing update of previous work; will finish and have Committee judge value and relevance to this body of work.

OPEB Draft Chapter:

On behalf of the subcommittee, Mr. Noone circulated the draft report on the OPEB/Actuarial Accrued Liability Planning and offered a brief summary. He pointed out that the work deals with unfunded future costs for health insurance. As of December 31, 2007, this liability was calculated at \$48.5 million for the Town (including APS) and \$35.8 million for the Regional School District. There are two chief ways to fund this liability: pay as you go or prefunding in an irrevocable trust. Other Towns are not doing a great deal; the annual costs of funding fully the liability would be \$3.5 to \$4.0 million. He underscored that it is important to be cautious of all measurements.

In response to Mr. Seward, Mr. Noone clarified that the subcommittee limited the scope to health insurance and did not analyze pensions. Mrs. Knibbe asked what happens to funds put into the Trust. Mr. Tindal observed that the unfunded number is a constantly moving target and needed recalibration regularly. He agreed that the issue cannot be ignored but suggested defining a target. The Chair underscored that this issue is among the most serious before all governments and asked why the data was so old. Mr. Noone responded that the report was commissioned as an initial study in response to GASB 45. Mr. Mullin also asked for clarification on the table on page 4. Mr. Evans reflected that the mandated model used to pay down the retirement system liability might be applicable to the OPEB problem.

The Committee further discussed impact of old data; Mrs. Clifford said that if we were to take an article to Town Meeting, the voters would have to have better data. The Chair agreed to ask the elected leadership for an updated analysis. Mrs. Ashton suggested reaching out to the Winchester Finance Committee that started some work on this topic last spring as part of the section on what other towns are doing.

Standard and Poor's Downgrade: Mr. Mullin briefly summarized information on the S & P downgrade on the federal government bond rating, suggesting there may be a local impact for future borrowing. Mr. Tindal stated he believed the State needs to take a lead in finding ways to help local governments resolve related issues. Mr. Seward agreed with Mr. Tindal.

Other Matters of Financial Interest: Mr. Brandon distributed a summary of work he generated to show the possible impact of interest rate increases on home prices and discussed long term salability and affordability. The Chair thanked him for the information and noted that as the economy strengthened many variables would change and potential problems would alter.

Committee Reports:

BOS (Knibbe)	Senior Center Expansion Committee reactivated; plans to move forward to request design money at ATM
2020 (Knibbe)	Drafting first cut of Master Plan; four outreach meetings on various topics scheduled for September and October
GAB (Knibbe)	Working on energy baseline monitoring project started last year
EDC (Tindal)	New membership, officers and BOS Liaison; continuing to rationalize Sign Bylaw including developing an educational component
ACHC (Clifford)	Towne Building site work underway; formal Groundbreaking 9/15; invitation will come to committee members
SATSAC (Clifford)	90 percent design for station in September; working on defining disruption during double track installation and during bridge reconstruction to east
HIT (Evans)	Segal Report work underway; have requested some information on plan design less radical than State Plan. 2010 audit was closed in month of October.
APS (Brandon)	Expect to return about \$1 million to Free Cash and E&D; forming committee to explore consolidation with Boxboro

The Chair reported that he intends to invite Kate Crosby and JD Head to a future meeting to present an overview of energy conservation efforts at the Schools. He also reported that the Friends of the Lower Fields has approval in concept from the School Committee for the project to upgrade and enhance the fields on the east end of the Central Campus.

At 9:08, Mr. Brandon moved adjournment, seconded by Mr. Noone. The motion was adopted without objection.

Respectfully Submitted,

Patricia Clifford, Clerk