

# **DENNIS WATER DISTRICT**

## *Joint Meeting of the Board of Water Commissioners and District Finance Committee*

Minutes of Meeting held  
September 24, 2018

A joint meeting of the Board of Water Commissioners and District Finance Committee was held this date at the Dennis Town Hall, 685 Route 134, South Dennis. Chairman Prue declared the meeting of the Board of Water Commissioners to order at 5:00 PM. In attendance were Water Commissioners Peter L. McDowell and Alan Tuttle. He welcomed the District Finance Committee and turned the meeting over to Chairman Greg Stone.

The District Finance Committee meeting, having been duly posted, was called to order by 5:01 PM by Chairman Greg Stone. Finance Committee members James Plath, Robert Perry and Faith Hallett were present. Also attending were David Larkowski, Superintendent and Sheryl A McMahon, Treasurer.

*The Pledge of Allegiance was recited.*

### **Consider Recommendation for Articles on Special District Meeting Warrant to be held September 25, 2018.**

**ARTICLE 1.** To see if the District will accept the provisions of Massachusetts General Laws Chapter 32B, Section 20 pursuant to subsection (g) that monies in the OPEB Fund not required for expenditures or anticipated expenditures within the investment period, shall be invested and reinvested by the custodian as directed by the investing authority from time to time; provided such investment or reinvestment is made in accordance with: (i) section 54 of chapter 44, if the treasurer or OPEB Fund board of trustees is the investing authority, unless the governing body of the governmental unit authorizes investment under the prudent investor rule established in chapter 203C, or take any action relative thereto.

Ms. McMahon explained the principals of why authorization under this statute is being sought by her as the District Treasurer. Mr. Plath asked why there was not more than one trustee, considering that the sole trustee was also an employee of the District. At the April Annual District Meeting, based on a recommendation made by both the Board of Water Commissioners and the District Finance Committee, the voters established an OPEB Trust Fund and selected the custodian (District Treasurer) to serve as the sole trustee. Ms. McMahon responded by saying that this was funds of the District OPEB Trust was a relatively small pool and in keeping with the next Article, the idea is to have the District's OPEB funds invested with the Town's OPEB Trust funds in order to gain greater investment opportunities and lesser fees. She further explained that when the Town adopted its OPEB Trust it was under a different statutory construct. In accordance with the new statutory revisions enacted November 2016, the other options for organizing a board of trustees for the District was to appoint a five-member (minimum) comprised of a person with the investment experience, a citizen of the District, an employee of the District, a retiree of the District, and an officer of the District. The employee and retiree trustees must be elected by ballot. The others are appointed by the Water Commissioners. The other options are to have the Barnstable County Retirement Board or the State Pension manage the investments.

Further discussion regarding the District joining with the Town's OPEB investments through Rockland Trust ensued. Ms. McMahon stated that, it was her intention, and having reviewed it with the Board, that the District would benefit from an opportunity for greater investment management and lower fees by joining with the Town's OPEB. It was her belief that the District's OPEB

investments, once pooled with the Town's, would be managed exactly the same and she did not intend to make separate investment selections. Ms. McMahon explained that the Town adopted its OPEB Trust fund prior to the Municipal Modernization Act and therefore, does not have to adopt the section on Prudent Investor Rule. However, it does have to vote in order to allow the District to pool with its OPEB Trust Fund. She said that the Prudent Investor Rule is important to have in place because, if for some reason, the District did not want to continue to be pooled with the Town, without that Rule being in place, the investments would be limited to Chapter 44, Section 55 which is much more restrictive.

Ms. McMahon explained that the statute allowing for municipalities to pool their OPEB Trust Funds is a blanket authorization. However, the Board of Water Commissioners is in agreement with the Town's OPEB Trustees that the authorization for both the District and the Town be limited to just those two.

Mr. McDowell asked for clarification on the District's trustee as being the individual of Sheryl McMahon or is it the District Treasurer. Ms. McMahon confirmed that the OPEB Trustee for the District is the custodian (in accordance with the statute) and that by statute the District Treasurer serves as the custodian. In other words, it is the position, not the person that serves as the OPEB Trustee. There was further clarification that the OPEB Trustee for the District has sole control over the investment of the funds as is provided by statute. She did state that the Declaration of Trust governs the conduct, duties and responsibilities of the Trustee, including the requirement for annual reports, audits and actuarial valuations of the liability. Mr. McDowell asked that if the Water Commissioners believed the Trustee was not acting in the best interest of the District, how they would remove the Trustee. Ms. McMahon responded that the Board would have to relieve the Treasurer from their duties which would relieve them from acting as the OPEB Trustee.

Mr. Plath asked if it was permissible for the District Trustee to invest just 50% of the funds with the Town and perhaps invest the other 50% in something else. Ms. McMahon said that, yes that is permissible. However, that has not been her intention. He expressed concerns of only having one trustee. She said that it would only take an article on a District warrant, in accordance with the statute to eliminate one trustee and create a board of trustees but, the composition of those trustees is regulated by the statute. She also noted that the funds can be invested through Barnstable County or with the State. She also stated that the Declaration of Trust would need to be modified from a single "trustee" to a "Board of Trustee".

Ms. McMahon advised that the Declaration of Trust is available on the District's website and was modeled after the Town's Declaration. She confirmed for Mr. McDowell that the OPEB Trust must be audited, reporting and an actuarial valuation.

On a motion made by Robert Perry and duly seconded, the Finance Committee ***VOTED 3-0-1 (JP abstaining): to recommend that the District vote to adopt Chapter 32B, Section 20, subsection g and to authorize the Treasurer of the OPEB Trust Fund to invest under the Prudent Investor Rule established under Chapter 203C.***

**ARTICLE 2.** To see if the District will vote, in accordance with G.L. c. 328, §20(k), to authorize the Dennis Water District to participate in the Town of Dennis' Other Post-Employment Benefits (OPEB) Trust Fund, previously established pursuant to G.L. c. 328, §20, subject to any procedures and criteria established by the Town's board of trustees of the OPEB Trust Fund, and all other requirements of G.L. c. 328, §20(k), with both the Town

and the District remaining separately responsible for the OPEB liabilities of their respective retirees/dependents, or take any other action relative thereto.

On a motion made by Faith Hallett and duly seconded, the Finance Committee ***VOTED 3-0-1 (JP abstaining): to recommend that the District vote to adopt the article as printed in the warrant.***

**ARTICLE 3.** To see if the District will vote to transfer and appropriate \$125,000 from Free Cash to be used with, and added to, funds already appropriated under Article 7 of the Annual District Meeting held April 26, 2016, for the engineering, design and construction costs of a one million gallon composite style water tank in West Dennis including the laying and relaying of new or existing water mains to deliver water to and from the tank, and for the engineering costs, demolition and debris removal of the existing water tank including all other costs incidental and related thereto, or take any action relative thereto.

Mr. Larkowski explained that the Tank Project originally had a \$2 million borrowing authorization for construction. Over the last two years, the District has been able to eliminate the need for borrowing by appropriating available funds of \$1.6 million. There have been no cost over runs but, he did not include the \$125,000 cost of the actual demolition and removal of the old water tank. The bid cost is approximately \$108,000 plus additional costs for finishing site cleanup and restoration. Ms. McMahon advised that the District's Free Cash has been certified at \$1,054,000. She stated that of that amount \$415,000 was undesignated from the prior year. On a motion made by James Plath and duly seconded, the Finance Committee ***UNANIMOUSLY VOTED: to recommend the transfer of \$125,000 from Free Cash for the purposes of the article.***

Adjournment

On a motion made by James Plath and duly seconded, the Finance Committee ***UNANIMOUSLY VOTED: to adjourn the meeting at approximately 5:34 PM.***

On a motion made by Alan Tuttle and duly seconded, the Board of Water Commissioners ***UNANIMOUSLY VOTED: to adjourn the meeting at approximately 5:34 PM.***

Respectfully submitted,

Sheryl A McMahon, Clerk