

Natick Finance Committee

Pursuant to Chapter 40, Section 3 of the Town of Natick By-Laws, I attest that the attached copy is the approved copy of the minutes for the following Meeting: September 5, 2023

Town of Natick Finance Committee

Meeting Date: September 5, 2023

The minutes were approved through the following action:

Motion:

Made by:

Seconded by:

Vote: 0 – 0 – 0

Date: X, 2023

Respectfully submitted,

Cody Jacobs

Secretary

Natick Finance Committee

The meeting was called to order at 7:04 p.m. The chair noted that a quorum was present in person and a few others were online.

Roll Call

Members present; R-denotes members attending remotely

Hossam Behery - R
Leona Bessonova - R
Grace Keeney - R
Dirk Coburn
Garth Gayle
Todd Gillenwater
Cody Jacobs
Kat Monahan
Richard Pope
Patti Sciarra
Linda Wollschlager

Announcements

Ms. Wollschlager reminded members about Natick Days coming up this weekend.

Motion by Mr. Coburn, seconded by Mr. Gillenwater to open the public hearing on the Fall Annual Town Meeting Warrant. Motion carried unanimously (11-0-0).

Public Comment

None.

Article 4 - Unpaid Bills

Mr. John Townsend, Deputy Town administrator explained that there were no unpaid bills so the administration was requesting no action on this article.

Motion by Mr. Gillenwater, seconded by Mr. Coburn to recommend no action on the subject matter of Article 4 with a recommendation that the moderator place this item on the consent agenda. Motion carried unanimously (11-0-0).

Article 8 - Acceptance of MGL Chapter 203C, the Prudent Investor Rule

Mr. Townsend explained that this deals with the OPEB trust. The current rules applicable to the OPEB trust are the same as those applicable to savings banks in the Commonwealth. Those rules limit investments to a pre-approved list created by the state. This proposal would remove those restrictions and replace them with the prudent investor rule. That rule would require the trust to invest as a prudent investor would.

Ms. Monahan asked who currently administers the OPEB trust and Mr. Townsend answered that it was Bartholomew, Inc.

Ms. Monahan asked if there was a difference between a prudent investor and a fiduciary responsibility. Mr. Townsend answered that the fiduciary rule applies to all people in a trust relationship and that the prudent investor rule is similar to that.

Mr. Pope asked if other towns had adopted this and Mr. Townsend answered that most municipalities have.

Mr. Coburn asked if there was any difference in the types of sanctions and penalties available under the default rule versus this rule. Mr. Townsend said there was not.

Mr. Bessonova asked about the historical performance of these funds in other towns that have adopted this rule versus our own. Mr. Townsend said he was not sure about other town's experience but that his advisors had told him that this was a good idea to provide more flexibility.

Mr. Behery asked if there would be more risk in the investments that might be made now under this rule. Mr. Townsend said yes.

Mr. Gayle asked about the current risk parameters and what the new risk parameters would be. Mr. Townsend said that we are moderately conservative so we don't go into hedge funds or things overly risky but that day to day oversight is done by Bartholomew but we do meet with them on a regular basis.

Mr. Behery asked if it was a fixed fee or performance based. Mr. Townsend indicated that it was a fixed fee.

Ms. Monahan asked about whether this provides flexibility to choose investments based on social concerns such as the environment. Mr. Townsend said yes.

Mr. Coburn moved, seconded by Mr. Gillenwater, that the Finance Committee recommend favorable action with regard to Article 8 with the motion slightly reformulated as follows:

Move that the Town vote to accept the provisions of Massachusetts General Laws Chapter 203C and to authorize the trustee of the OPEB Trust fund established under Article 15 of the 2017 Spring Annual Town Meeting, as authorized by Chapter 32B, Section 20 of the General Laws, as amended, to invest and reinvest the monies in such fund in accordance with the Prudent Investor Rule established under Chapter 203C of the Massachusetts General Laws.

Mr. Coburn stated that he supported the article because it provides more degrees of freedom to act in the town's interests.

Ms. Monahan pointed out that we have the power to audit the town's statements from the investment firm to see the kind of performance we'd received historically.

Mr. Pope argued based on his professional experience that this is the kind of flexibility that he would expect to have in the private sector.

The committee voted 10-0-1 to approve the motion. The roll call vote was as follows:

Hossam Behery - Yes
Leona Bessonova - Yes
Grace Keeney - Yes
Dirk Coburn - Yes
Garth Gayle - Abstain
Todd Gillenwater - Yes
Cody Jacobs - Yes
Kat Monahan - Yes
Richard Pope - Yes
Patti Sciarra - Yes
Linda Wollschlager - Yes

Article 9 - Appropriation of Opioid Settlement Monies

Mr. Jamie Errickson, Town Administrator, presented along with Mr. Townsend.

Mr. Townsend explained that the town received money from a state-wide opioid settlement but that the money needed to fall to free cash before it could be appropriated. The total amount is \$ 151,299.22. Mr. Townsend further explained that there were specific rules about what purposes the settlement money could be used for. For example, the Massachusetts Opioid Settlement Agreement states that the funds “shall be used solely to supplement and strengthen, rather than supplant, resources for prevention, harm reduction, treatment, and recovery, in accordance with the purposes and subject to the requirements in the appended Massachusetts Abatement Terms.”

Mr. Errickson explained that there are a number of settlements that will pay out over a number of years. Each year there could be several tens of thousands of dollars that could come and need to be appropriated and he hopes that the legislature will put in a better process for receiving these funds by next year.

Ms. Keeney asked what this could be used for. Mr. Errickson said it varied by the settlement but that he would plan to lean heavily on Natick 180 because of their expertise with respect to the opioid crisis. Ms. Keeney also asked when the money had to be used and Mr. Errickson said it varied by the grant.

Mr. Coburn asked if this could be used to pay for individual treatment for opioid addiction. Mr. Erickson answered that he didn't know but that Natick 180 was more focused on access and services as opposed to directly paying for services.

Mr. Pope asked if this would be in the FY25 budget or if approving this would be sufficient to spend the money and more generally what the oversight budget would be. Mr. Errickson said his hope was no because he'd like the state to create a special account for towns to use the money. He said that as far as oversight, there are several layers of processes they follow for grant money that would be followed with this money as well.

Ms. Monahan asked if we should create a stabilization fund for this. Mr. Errickson answered that he didn't pursue that because they were hoping the state would create a separate legislative framework for towns to spend this money.

Ms. Wollschlager asked whether the Select Board would have to approve expenditures of these funds or if it would just be up to the administration. Mr. Erickson said it was the latter.

Mr. Gillenwater moved that the Finance Committee recommend favorable action on the subject matter of Article 9 as presented in the meeting materials, seconded by Mr. Coburn.

Mr. Gillenwater said he supported this since this is just a technical matter of how the money gets appropriated.

Mr. Coburn agreed but did add that he thought it was a bit of a "leap of faith" with the way the money was being appropriated and that the process does matter. That said, Mr. Coburn said he supported it.

Mr. Jacobs agreed with Mr. Coburn and added that he hoped the administration would continue to be communicative about how the money is spent.

The motion passed unanimously (11-0-0).

Article 12 - Rescind Article 31 of the 2001 SATM

Mr. Errickson explained that this would rescind an article that set a maximum age for initial appointment of firefighters and police officers of 32 years. He explained that we have been struggling to fill positions in both departments and that this would help address that problem.

Ms. Keeney asked about other communities' experiences with this issue. Fire Chief Jason Ferschke explained that several communities have opted out of this in recent years. They currently have 8 vacancies they are trying to fill and that they have had to turn away about four candidates due to the age maximum.

Mr. Coburn asked what benefits travel with a firefighter or police officer who transfers between jurisdictions. Chief Ferschke explained that there was a lot of turnover for a variety of reasons but as far as pension, if it's within Massachusetts it travels with them. As far as seniority, civil service would continue to count from the original date of appointment (as opposed to inside department seniority which is governed by the collective bargaining agreement). Police Chief James Hicks added that this issue has to do with entry level hiring, not someone who is coming from or going to another department.

Mr. Coburn moved that the Finance Committee recommend favorable action with respect to Article 12, seconded by Ms. Sciarra.

Mr. Coburn explained that he supported this because it is difficult to recruit people in these public safety functions. This would broaden the applicant pool without lowering our standards for who we hire.

Ms. Sciarra added that she remembered the discussion a few years ago about a specific candidate who wanted to become a police officer when she was over 32. Ms. Sciarra supports this so other people can have that opportunity in the future.

The motion passed unanimously (11-0-0).

Article 13 - Apply for Admission to the Massachusetts Water Authority

Mr. Errickson explained that this was about the public water supply and gaining access to the MWRA as a supplemental water source.

Bill Spratt, executive director of the Department of Public Works, presented. In summary, he argued that opting into the MWA was an opportunity to mitigate risks to our water supply by adding flexibility with another source of water. Although sticking with our existing town water supplies might be cheaper in the long term, it is very risky and not recommended. We have had water supply difficulties in recent years due to the PFAS issue and other limits on our water use. In the short term, there may actually be significant savings because the fee to opt into the MWA has been waived until 2027.

Mr. Gillenwater asked which decisions by the town would “lock in” the MWRA’s fee waiver. Mr. Spratt said that the vote at Town Meeting would begin the process and signals to them that we are interested and would lock us in to the fee waiver.

Mr. Coburn asked whether the timeline in the presentation had been discussed with folks at the MWRA and whether, if that timeline comes to pass, if it would be prudent to expect that the waiver of the entry fees would hold. Mr. Spratt said yes.

Ms. Sciarra asked if we joined this if people’s water rates would change. Mr. Spratt said relative financial analysis indicates that for end users it would likely be a wash because paying for MWRA water is about the same price as the capital debt we would need to incur from building another treatment plan. The short answer is “water rates will be increasing, but not necessarily because of MWRA.”

Mr. Pope asked if his understanding that MWRA charges four times more than the town is correct. Mr. Spratt said he didn’t know off the top of his head but the town’s water rates are significantly lower.

Mr. Pope asked about mixing some of our non-PFAS compliant sources with sources that are PFAS compliant as a potential alternative to increase supply. Greg Eldridge with Haley Ward engineers answered that you can do blending but the measurement has to be at the point of source so the water would need to be moved from somewhere else to average it out.

Ms. Bessonova asked about how anticipated population growth is factored into these plans. Mr. Spratt answered that the plans do take that into account. He noted that over the past 20 years, despite Natick’s growth there has been little growth in water usage.

Ms. Bessonova asked whether MWRA offers any programs to individual consumers such as abatement programs for people on fixed incomes already. Mr. Spratt explained that we do have programs like that in Natick and those are decided by our Water Commissioners (the Select

Board). Even if we opt into MWRA, the consumer would never be directly paying MWRA, so any abatement programs would continue to come through the town, not MWRA.

Mr. Jacobs asked if joining MWRA would give us any kind of regulatory obligation or if this was just essentially a sale relationship. Mr. Spratt answered that it is essentially the latter.

Mr. Gillenwater asked whether building additional storage capacity would help. Mr. Spratt said they talked about that idea but that it would be too massive an amount of storage that would be needed to be feasible.

Mr. Coburn asked if there were any mandates that came with opting into MWRA. Mr. Eldridge answered that there were not those kind of mandates, though there were restrictions about the amount of water being taken, etc.

Mr. Coburn asked who is on the MWRA's advisory board and whether joining would give us representation. Mr. Eldridge answered that Natick would get a representative and that we already have one through the wastewater side.

Ms. Wollschlager asked how much we are spending now on filter media for PFAS. Mr. Spratt answered that we are paying approximately 125,000 dollars per year per filter and a total of about 500,000 per year.

Ms. Wollschlager asked if, given those costs, consideration was given to using more MWRA water. Mr. Spratt answered that it hasn't specifically been studied but it is a possibility if we join the MWRA.

Mr. Wollschlager asked whether adding a new physical location would require us to pay a new connection fee. Mr. Errickson answered that it would not. Mr. Eldridge further explained that it's really an entrance fee more than a connection fee.

Mr. Pope asked if the town had consulted with other towns that have opted in to the MWRA and Mr. Spratt said that he had.

Mr. Beehery asked whether we could compare our costs with other communities that use MWRA. Mr. Spratt answered that the data was in the presentation made to the Select Board.

Mr. Jacobs moved that the finance committee recommend favorable action on the subject matter of Article 13, seconded by Mr. Gillenwater. The motion passed unanimously (11-0-0).

Mr. Gillenwater moved to closed the public meeting, seconded by Mr. Pope. The motion passed unanimously (11-0-0).

New Business

Ms. Wollschlager explained discussions that had gone on about forming an audit subcommittee. The committee would follow up on the DLS report and more generally dig into the nuts and bolts of how our processes work.

Discussion among members ensued with general consensus supporting the idea. Mr. Gillenwater and Ms. Sciarra explained that the role of this committee would be to better understand the processes and to follow up on things that the town has said it is going to change or implement with respect to our finances.

Ms. Wolschlager indicated that members should e-mail her if they are interested in serving on the subcommittee.

Meeting Minutes

Minutes from 3/9/23, 3/14/23, 3/16/23, 3/28/23, 3/30/23 and 7/20/23 were discussed.

Mr. Gillemwater moved that we approve the minutes listed above, seconded by Mr. Jacobs. The committee voted unanimously to approve the minutes (11-0-0).

Committee and Subcommittee Scheduling

Ms. Wollschlager went over the current schedule for the committee for the fall and discussed subcommittee assignments.

Committee Discussion for Items Not on the Agenda

None.

Adjournment

Motion to adjourn by Mr. Gillenwater, seconded by Ms. Monahan. The motion passed unanimously (11-0-0). The committee adjourned at 10:09 p.m.