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John M. Driscoll, *General Manager*

WATER DIVISION

Water Commissioners' Meeting April 3, 2018

Members present were: Chairman Dana Blais
Clerk/Secretary Chris Stewart
Member Gregg Edwards

Employees present were: General Manager John Driscoll
Water Superintendent Ron Davan
Business Manager Jennifer Belliveau

The meeting was called to order at 6:00 p.m. by Dana.

The agenda was approved on a motion by Chris seconded by Gregg, 3-0 in favor.

The minutes of March 6, 2018 we not available.

Old Business:

The General Manager (GM) handed a FY2018 Q1 thru Q3 Water Sales (actual) to the Board. Figures are close to FY2017 at this same time for gallons and revenues.

The GM discussed the Water Plant OPEB Trust and FY2019 Water Usage Rates with the Board. The GM stated that the Town was going to set up an OPEB Trust with a requirement of \$250K to start, asking if the Water Plant would like to start their funding with \$25K. The GM suggested putting \$25K down in spring 2018 and another \$25K in fall 2018. The GM explained that if the health and dental insurances do not increase too dramatically and deposited \$75K each fiscal year, the TMWP would be fully funded for OPEB in 30 years, assuming an annual return of 7%. Dana asked if having 2 or 3 water employees retire would necessitate our having to withdraw funds from this OPEB? Would we have to draw it down right away? The GM said that we would not have to withdraw from OPEB right away unless not withdrawing would severely affect our normal operating funds. Increases to insurance premiums would be a deciding factor if we would need withdraw from the trust.

Dana said that \$75K seems like a lot; the GM said that in the next 10-years 5 of the 6 active water employees will become retirement-eligible. He added that the Water Plant's OPEB cost had been artificially low since we had only had 1/3 of a retiree and 1/3 of a spouse to cover health benefits for. Having an OPEB Trust to subsidize any rising healthcare premium costs would be an ideal substitute for hitting up water ratepayers every fiscal year for more \$\$\$ for employee benefits.

The GM referenced the FY2019 Water Usage Rates increase hand out and proposed a rate increase of 4.5% increase for the next fiscal year. This increase would cover the additional \$75K needed to fund the new Water Plant OPEB Trust. Gregg referenced the handout provided to the Board by the GM illustrating returns over a 30-year period and asked which of the columns would be affected by the Water Plant's withdrawing funds prematurely. The GM pointed out the OPEB Trust balance column that was showing steady increases over time. [Gregg wondered how many miles of water main could be installed with the \$\$\$ that we would instead put into the trust. The WS stated that water main installations are running around \$2M per mile on state roads and around \$1M per mile on normal ones.]

Dana said that the Board could wait to vote till the May or June meeting since this increase would not take effect till July 1, 2018. Dana did ask what would happen if the Town could not come up with their \$200K share? The GM stated that if the Water Plant was still moving forward with the OPEB Trust plan then he would approach the Town Treasurer and ask her to find another suitable option with an initial deposit much lower than \$200K. Gregg asked why the Town had to offer its employees and retirees health insurance; the GM said that the Town had a town meeting vote long ago to alter the contribution split to 75%/25% and at some point decided to keep retirees AND spouses on their health insurance. The GM suspected this was likely done during more prosperous times than we were currently witnessing in FY2018. He thought that the state law required employers to offer employee health insurance and cover at least 50% of the premium costs. Gregg did not think this was the case.

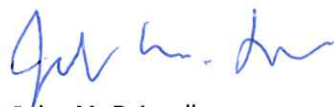
Dana asked what the Board's thoughts were on this issue. Chris said they have the information now so they can vote next month on the GM's proposed rate increase. Gregg was wondering if anyone knew how much the Town's UAAL (Unfunded Actuarial Accrued Liability) was in their OPEB study. The GM was not sure if the Town's study had been done yet, but would also like to know. He suspected it was a figure at least 4-5 times that of the Water Plant's, perhaps 9-10 times if the Town had not changed its Medex plans.

New Business:

Other:

There being no other Open Session business to discuss, on a motion by Chris, seconded by Gregg, 3-0 favor the Water Commissioners' Meeting adjourned at 6:24 p.m.

Respectfully Submitted,



John M. Driscoll
General Manager