

Date: August 8, 2019  
**Revised 10/2/19**

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Subject: Finance Committee Meeting Minutes  
Tuesday, August 6, 2019  
Finance Committee and

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To: Board of Directors

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From: Arthur G. Simonian, Executive Director

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**Finance Committee  
August 6, 2019 Meeting Minutes**

The Finance Committee met Tuesday, August 6, 2019 at The District Offices at 245 Main Street, Cromwell, Connecticut.

Finance Committee Chair, Doug Sienna, called the Finance Committee meeting to order at 6:10 PM. In addition to the Chair, present were Committee Members –Chris Anderson, and Dale Aldieri. There was a quorum. Also, present were and Executive Director – Arthur Simonian and Board Chairman – John Dunham. Committee member James Fallon was absent. Board member David Bauer attended as a guest.

Following is a summary of the August 6<sup>th</sup> Finance Meeting:

**1) Ameresco Energy Services Agreement** – Art met with the Auditors on July 31<sup>st</sup> along with Mr. Sienna and Mr. Aldieri to discuss the setup of a reserve fund to self-fund the Energy Service Project out of our reserve balance. Art explained that under the Energy Service Project, there is a Capital line item (71160) with \$300,000 for this project. This is the portion of the project the District would be funding and the balance would come from annual energy savings.

Art explained the setup of the Energy Performance account and the transfer of \$683,482 funds from the retained earnings fund account which will be replenished annually from electric savings, estimated payment being \$68,350.

The project performance spreadsheets show the cost of financing the project (\$683k) at 3.5% is between \$56k - \$98k annually. There would also be a cost to process the loan as well as the cost of bond counsel. Our electric budget has adequate funds to replenish the retained earnings over a ten year period.

**Mr. Anderson moved, Mr. Sienna seconded, and the committee approved unanimously:**

**MOTION:** The Finance Committee recommends adjusting the following 2019-2020 Capital Budget Line Item and Reserve Fund Transfer Income to \$683,482 for Capital Item Expenses as outlined below and authorizes the Executive Director to advertise the amended budget and refers this recommendation to the Board of Directors for their approval. The transfer fund will be replenished through an annual electricity savings.

- a) Increase the Energy Performance Project Funded Line Item, #71160, by \$683,482 to \$983,482 to cover costs for the Energy Performance contract.
- b) Increase Reserve Fund Transfer Line Item, #48300, by \$683,482 to cover Capital Line Item expenses identified above.

**2) 2019 Audit** – Art, Doug and Dale also discussed the 2019 audit with the Auditors on July 31<sup>st</sup>. Art provided a memo to the committee of the items discussed at the meeting which he explained in more detail.

The Committee discussed the current policy of capital items over \$2,000 in its original value. This policy has been in place for a very long time. It's recommended to increase capital assets accounting policy to \$5,000 and keep the life expectancy at items at 2 years or greater. They also discuss items that are not part of the plant. Art stated that would mean we keep the plant like new which means when we are changing/repairing sections of the physical plant and equipment, then it does not get depreciated (i.e. pumps, lab equipment, buildings and other permanent assets). We would only depreciate non-plant items (i.e. furniture, vehicles).

Art also discussed the Capital Reserve Account (71420). He explained that the reserve account for capital spending is not needed and will not appear in future budgets. If money is needed it will come out of the reserve account and go into a capital account that the Finance Committee and Board approves or borrow if we don't have it.

Art advised the committee that small capital items will come from the Maintenance Account (62000) instead of General Capital (71010) in the future but larger expenditures (non-maintenance or repair) will come from the General Capital line item.

**3) Assessment Fee Changes** – Art provided a memo to the Committee explaining the impacts of Middletown joining the District. The District is scheduled to receive test flows from the Middletown pump station at the end of August and then begin receiving their flows within the next few months. It was determine the best option to calculate their assessment is to use 5 years of historical data as we used for the other constituents.

Art explained how Middletown had to build a Bar Rack and Grit Removal System as part of their pump station. The other communities do not have to remove their grit or any other material. The District handles it for them when it comes into our Bar Rack. We all share in the cost of that removal. The Middletown waste comes in after our Bar Rack and Detroitter Deck. They had

# THE MATTABASSETT DISTRICT

# Memorandum

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to incur more cost to include this in their pump station. The District would have had to build another system to remove their grit, etc. The District is benefiting from this in that the District does not have to take care of their grit, etc. Also, the Charter members benefit from Middletown's addition with lower assessments in the future. As per the reasoning, the District should consider compensating Middletown through annual assessment credit for a portion of the capital cost of their grit removal system currently being constructed. Art will do further analysis and provide some line items for the Committee for their review.

### **Adjournment:**

**Mr. Sienna, no second needed and the committee approved unanimously to adjourn at 7:21 PM.**