

As voted by the Board of Trustees and in accordance with the notice of the meeting, the monthly Workshop Meeting of the Board of Trustees of the Portland Water District was held remotely on Monday, April 12, 2021. In attendance from staff were Messrs. Crovo, Kane, Wallace, Firmin, and Mses. Lewis, Katsiaticas and Demers. President Douglas convened the Workshop at 6:34 p.m.

All Trustees were present except Trustee Beck.

1. Water Main Renewals 2021 Update

Chris Crovo, Director of Asset Management and Planning, presented the status of water main replacement projects expected to be constructed in 2021.

Mr. Crovo had a PowerPoint presentation for the Board.

Mr. Crovo provided an example of the monthly report provided to the Board of Trustees with a list of projects that have been bid, with notations as to the status of the projects. He provided an explanation for the monthly report and its information. Projects for this year have seen anywhere from 2 bids to 7 bids each. Not all projects for 2021 have been bid to date.

PWD also has water main replacement information available to the public at PWD.org.

There are 20 projects going on this year; as of this date, 10 are active.

Mr. Crovo then went on to provide information on projects in each community that PWD is undertaking for main replacement work. Work will take place in Cumberland, Falmouth, Gorham (2 projects), Portland (7 projects), South Portland, Scarborough, Westbrook and Windham (2 projects).

2. Discussion Related to Deferred Compensation (457) Plan

At the December 21, 2020 meeting, the Teamster Business Agent requested the District consider a change to the Deferred Compensation (457) Plan allowing employees to borrow against their balance. Staff provided background information on the plan and offering the loan option at the February 8, 2021 Board Workshop. The specific loan program options were presented with staff's recommendation.

Ms. Lewis introduced the topic. She explained the nature of fiduciary responsibility of PWD. She noted that PWD's responsibility is to manage the funds responsibly and not to waste the assets of the funds.

Mr. David Kane, Director of Finance and Administration began a power point presentation on adding loan options to the deferred compensation plan, Mr. Kane described both the defined benefit plan and the deferred compensation plans presently managed by the District. The defined benefit plan is being phased out as of 2011/2012. New employees are in the deferred compensation plan.

The District's defined benefit plan is presently over 100% funded – the first time in the history of the plans, helped by the performance of the stock market. PWD presently pays out \$1.5 Million Dollars a year to its retirees in the defined benefit plan.

For shorter term employees, the deferred compensation plan is the only retirement benefit they have from the District.

PWD's investment adviser is Principal. Principal has provided program options. They include Pension Builder, which is an annuity that will begin paying out when the employee retires; a Target my Retirement Service, where a 3rd party company reviews an employee's benefits selection and provides advice (this option will not be provided to District employees this year); a birth-adoption distribution of up to \$5,000 at the request of the participant (which will be offered to employees this year at the request of the Trustees); and a loan option.

Mr. Kane then provided information in response to a question posed by Trustee Garrison that gave replacement income estimates.

Trustee Cote asked about adviser services related to the Target my Retirement Service, and how those services compared to services provided by Principal.

If loans are allowed the process would be: Employee submits an on-line application, Principal approves and sends PWD's Payroll Deductions request, and PWD payroll deducts for the loan repayment.

Mr. Kane then showed the participant experience if they applied for a loan, by showing the computer screens an applicant would see if they applied for a loan.

PWD has a number of options it can incorporate into the loan program, and questions that must be answered to create the loan option. For example, is a financial hardship required? Staff recommends not to incorporate this option. Loans for a primary residence may be offered for more than 5 years; staff recommends 10 years (although up to 25 years is allowed).

How many loans are allowed in a 12 month period? Staff recommends one loan per rolling year.

Should loans be restricted to certain types of contributions? Staff recommends that employees be allowed to borrow only against the employee's vested contribution.

Interest rates must be reasonable. Staff recommends prime plus 2%.

Trustee Willey asked where the revenue went; Mr. Kane said it goes back to the employee's account.

Minimum amount of loan is recommended to be \$1,000. The maximum amount of loan allowed would be \$50,000. A loan would be considered in default if payment is not made within 90 days. Since loans will be payroll deducted, loans should usually not be in default, unless an employee goes out on leave and there isn't a paycheck to deduct from.

Once an employee leaves the District, and there is a loan outstanding, the employee would contact Principal to arrange how to repay the loan and the timetable.

These are recommendations of the staff if the Board wants to offer the loan option to employees.

The discussion was then opened to the Trustees.

President Douglas thanked Mr. Kane for his presentation and said she appreciated the changes offered. Trustees Willey and Siviski supported providing the loan option. Trustee Lunt asked the cost of maintaining this type of a plan with the loan option. Mr. Kane responded minimal costs, and repayment would be from payroll deductions. Loan payments would be sent in to Principal when regular contributions are sent in. It would be minimal staff effort. There would be a one-time cost to PWD for legal fees for the plan amendment.

Trustee Cote asked if loan repayment was after tax or pretax dollars. Mr. Kane said after tax dollars.

The Administration and Finance Committee recommended that the loan option along the lines recommended by the staff be provided to employees. It will be discussed at the business meeting.

3. Other Business

Trustee Libby reported that the scholarship committee voted to give the DiPietro scholarship to Simon Burke. He is a student at SMCC studying HVAC and is a South Portland resident.

4. Adjourn

The meeting adjourned at 7:35 p.m.

Submitted by,

Donna M. Katsiaticas
Clerk