



Town of Reading Meeting Minutes

Board - Committee - Commission - Council:

RMLD Board of Commissioners

Date: 2019-01-24

Time: 07:30 PM

Building: Reading Municipal Light Building

Location: Winfred Spurr Audio Visual Room

Address: 230 Ash Street

Session: Open Session

Purpose: General Business

Version: Final

Attendees: Members - Present:

David Hennessy, Chair; David Talbot, Vice Chair; John Stempeck, Commissioner; Tom O'Rourke, Commissioner; Philip B. Pacino, Commissioner

Members - Not Present:

Others Present:

RMLD Staff: Coleen O'Brien, General Manager; Hamid Jaffari, Director of Engineering and Operations; Charles Underhill, Director of Integrated Resources; Tracy Schultz, Executive Assistant

Citizens' Advisory Board: George Hooper, Member

KP Law: Christopher Pollart, Attorney

Town of Reading: Vanessa Alvarado, Select Board Member and RMLD Liaison
Mark Dockser, Financial Committee, Karen Herrick, Financial Committee

Minutes Respectfully Submitted By: David Talbot, Secretary Pro Tem

Topics of Discussion:

Call Meeting to Order

Chair Hennessy called the meeting to order and read RMLD's Code of Conduct. Chair Hennessy announced that the meeting is being videotaped at the RMLD office at 230 Ash Street, for distribution to the community television stations in North Reading, Lynnfield, and Wilmington.

Public Comment

Chair Hennessy announced that two members are running for reelection to the Board. Mr. Pacino stated that he is a candidate for reelection and that he has been on the Board for 32 years. Mr. Pacino stated that he has a lot of knowledge and feels that he still has a lot to contribute over the next three years. When asked, Mr. Talbot confirmed that he is also seeking reelection. Chair Hennessy welcomed Mr. Hooper, Ms. Alvarado, and Mr. Dockser. Mr. Talbot agreed to serve as secretary. Mr. Hooper stated that the CAB met the previous evening. There was no comment from the liaisons and no public comment.

Approval of Board Minutes

Mr. Pacino made a motion, seconded by Mr. Stempeck, that the Board approve the meeting minutes of October 18, 2018 and November 29, 2018, on the recommendation of the General Manager.

Motion Carried: 5:0:0.

Status of the Payment to the Town of Reading – Update from the Sub-Committee

a. Report of the January 8, 2019 meeting with Select Board - Mr. Pacino & Mr. Stempeck

Chair Hennessy stated that all the Commissioners attended the Select Board meeting.

b. Discussion of the proposed agreement presented at the Select Board meeting on January 8, 2019.

Chair Hennessy read the following statement:

As a bridge while RMLD studies how it can continue to help the Town of Reading financially, the RMLD Commissioners have proposed that RMLD freeze the voluntary below-the-line payment that it makes to the Town of Reading at the 2018 level of \$2,480,506 for two years, i.e., 2019 and 2020. In this spirit, the Town of Reading Select board presented the RMLD Board of Commissioners with a draft contract called "Agreement Regarding Distribution of Earnings of RMLD to Reading". The draft contract was very helpful in confirming that a freeze of the voluntary below-the-line payment at the 2018 level would be satisfactory while the RMLD studies and determines a strategy for moving forward. However, our legal counsel has advised us that the use of a contract to document an obligation to pay an amount that is legally recognized as a voluntary payment subject to available funds is not appropriate or consistent with how such matters are handled by other Municipalities.

The RMLD is happy that it can continue to help the Town financially and looks forward to working with the Town of Reading to continue to do so by determining the appropriate formula to be used starting in 2021 for such voluntary payments. Tonight, we would like to formally vote on the amount of the voluntary payment.

Note: Based on the above, we recommend that the *present* Sub-Committee be *dismissed*.

c. Possible amendment and/or approval of proposed agreement.

Chair Hennessy made a motion, seconded by Mr. Stempeck, that the Board of Commissioners direct the RMLD to make certain voluntary payments to the Town of Reading from available below-the-line unappropriated earned surplus for the calendar years 2019 and 2020 as follows:

(1) Each annual payment shall total \$2,480,506 and be paid in semi-annual installments, as follows: \$1,240,253 on June 30, 2019, \$1,240,253 on December 31, 2019, \$1,240,253 on June 30, 2020 and \$1,240,253 on December 31, 2020.

(2) In the event RMLD's below-the-line unappropriated earned surplus is insufficient to make the full annual payment to the Town of Reading or is otherwise required for RMLD to meet its franchise obligations in a particular calendar year, the RMLD Board of Commissioners may vote to reduce the amount of one or both of such annual payments.

Mr. Pacino explained that he would be opposing the motion because he feels that there should be a written memorandum of understanding between all parties with obligations in writing so it's clear for future members of Board and Select Board. Chair Pacino asked to change language in Statement to *dismiss the present* Sub-Committee and stated that the Motion doesn't address if kWh sales were to increase.

Mr. Stempeck replied that he disagrees with Mr. Pacino and that doing a motion gives all parties what they want. The numbers included in the proposed contract have not changed. Drafting an obligation in writing will incur significant attorney fees and take more time. The Motion gives everyone what they need. As far as kWh increases, it's impossible to tell if that will happen. Mr. O'Rourke added that a document will take time and a fixed payment is reasonable. RMLD has made continuous payments for over twenty years. Mr. Talbot stated that he concurs with Mr. O'Rourke and added that municipalities don't generally sign an agreement for PILOT payments. This will allow RMLD to begin the process of devising a new formula and move on to other things.

Mr. Pacino pointed out that the CAB is a third-party to the agreement and should also weigh in. Mr. Hooper stated that this eliminates the Sub-Committee and the CAB's involvement and that he understands that the Motion gives Reading the fixed amounts that it can use for budgeting over the next two years. Mr. Stempeck stated that experts will have to determine the new formula for payment. Chair Hennessy added that once that happens, their findings will be presented to the CAB.

Status of the Payment to the Town of Reading – Update from the Sub-Committee

c. Possible amendment and/or approval of proposed agreement.

Mr. Pacino clarified that it is just the present Sub-Committee that is being dismissed and that the Sub-Committee can be re-formed. Mr. Pacino added that under the Twenty-Year Agreement, the CAB has a right to weigh in on any major decisions. Mr. Hooper stated that rates should not be increased in order to make larger payments. Mr. Talbot asked, as a matter of process, since the CAB votes on the budgets, do they need to vote on the Commission's motion? Mr. Pacino suggested, as a courtesy, adding the provision "subject to the Citizens' Advisory Board's review and comment" to the original motion. This was agreed to after discussion and commentary from Attorney Pollart. Attorney Pollart explained that the CAB does not have to approve the motion. Under the Twenty-Year Agreement, the CAB can provide their input under five areas. The only area that would apply in this instance would be "other issues that come before the Board." If, depending on past practice and custom, this is the type of issue that would normally go before the CAB, then they should be consulted. There are also matters that are mandatory for the CAB to be consulted on: the itemized operating budget of the RMLD. However, they can only recommend changes to the budget; this is not an itemized budget.

Chair Hennessy made a motion, seconded by Mr. Stempeck, that the Board of Commissioners, subject to the Citizens' Advisory Board's review and comment, direct the RMLD to make certain voluntary payments to the Town of Reading from available below-the-line unappropriated earned surplus for the calendar years 2019 and 2020 as follows:

(1) Each annual payment shall total \$2,480,506 and be paid in semi-annual installments, as follows: \$1,240,253 on June 30, 2019, \$1,240,253 on December 31, 2019, \$1,240,253 on June 30, 2020 and \$1,240,253 on December 31, 2020.

(2) In the event RMLD's below-the-line unappropriated earned surplus is insufficient to make the full annual payment to the Town of Reading or is otherwise required for RMLD to meet its franchise obligations in a particular calendar year, the RMLD Board of Commissioners may vote to reduce the amount of one or both of such annual payments.

Motion Carried: 4:1:0, with Mr. Pacino opposed.

Mr. O'Rourke asked what happens if the CAB rejects the motion. Attorney Pollart explained that the CAB doesn't have the right to vote "yes" or "no." The CAB can only review and comment.

Mr. Pacino asked that the document with the Statement and Motion be added into the official record, as well as the contract sent by the Select Board.

Mr. O'Rourke asked how the Board should inform the Select Board about the motion. Ms. Alvarado suggested sending the motion to the Town Manager who can forward it to the rest of Board. Ms. Alvarado stated she will additionally provide an update to the Select Board at their next meeting.

Report of the Chair – Chair Hennessy

a. Discussion of RMLD Renewable Energy Supply Reporting

Mr. Talbot explained that there is a proposed piece of legislation to ensure that municipal light plants (MLPs) are reducing greenhouse gas emissions. Additionally, there's an optional form that RMLD can file with the state regarding its greenhouse gas emissions. Mr. Underhill explained that the legislation is structured so that Chapter 164, which defines the independence of municipal light plants in the Commonwealth, is left sacrosanct. In exchange, the municipal light plants in Massachusetts have agreed to develop portfolios that reduce carbon emissions. The first target is a seven percent reduction by 2021. MLPs will be reporting to the Department of Environmental Protection. If the MLPs fail to meet the target for the year, penalty funds are to be established and used for compliance, thereby building in an enforcement mechanism. This avoids the issue of RECs and of defining what should be classified as renewable energy. The bill has been introduced to the House and will be advantageous to the MLPs and the Commonwealth. RMLD was one of the leaders in developing this initiative.

Mr. Talbot asked whether RMLD will be filing the optional AQ31 and AQ 32 forms with the State. Mr. Underhill confirmed, stating that 2018 is not due yet, but it will be filed.

General Manager's Report – Ms. O'Brien

a. Review of Board Policies

Ms. O'Brien explained that policies are coming up for three-year review. She stated that she will send the policies to the Board and if there are no changes or comments, the Board can simply vote to extend them.

Ms. O'Brien explained that Policy No. 23 Dress Code was reduced to one page. It is simple and in-line with acceptable office dress standards and a business casual work environment. The Collective Bargaining agreements cover protective equipment. The policy differentiates between what's appropriate in the business office and that if an employee needs to go to warehouse he/she needs to dress for that environment. The Board suggested language to replace the use of "etc." and an addition regarding discipline were discussed and agreed upon.

Ms. O'Brien explained that Policy No. 8 OPEB statutory changes rendered the policy out of date and it has been updated to reflect current laws and GASB requirements. Attorney Pollart explained that the policy is consistent with the 2011 statute that allows existing OPEBs to continue to operate.

Ms. O'Brien stated that the updated No. 18 Strategic Plan is simple and sets out that RMLD should have a mission and vision statements. In 2008 RMLD had a strategic plan done by a consultant, which essentially looked at the power market. However, the standard way to draft a strategic plan is to have department directors involved to ensure buy-in. Ms. O'Brien stated that RMLD was fortunate to have Mike Prisco from the North Reading Select Board come in. He has developed strategic plans for the military and helped facilitate. The strategic plan will be based upon what the Commissioners have written as policy. The Strategic Plan includes a mission statement, objectives, and a SWOTT analysis and will be presented to the Board and the CAB for input. Ms. O'Brien explained that making a six-year budget was her way of helping to show RMLD's objectives in the absence of a conventional strategic plan. The updated policy says that RMLD should have a strategic plan and it should be updated every three years.

Attorney Pollart addressed No. 22 Pension Trust and explained that the existing policy was from 1966. In 1966 the Commonwealth used a pay-as-you-go funding method. RMLD established the pension trust in order to recover, through its rates, the unfunded balance. Due to changes in the law, RMLD's annual payments now take into account the unfunded portion, which means that the policy and the trust are no longer needed. Attorney Pollart stated that his recommendation is to stop paying money into the pension trust, take money out of the trust on an annual basis until it runs out, and then vote to dissolve the trust.

Mr. Pacino made a motion, seconded by Mr. O'Rourke, that the Board approve the changes to Policy No. 8 OPEB Trust Fund, Policy No. 18 Strategic Plan, as amended, and Policy No. 23 Dress Standards, as amended, on the recommendation of the General Manager.

Motion Carried: 5:0:0.

b. NextEra Energy Marketing Public Power Summit

Ms. O'Brien explained that she went to the NextEra Energy Marketing Public Power Summit last year, and it was a great networking opportunity. This will take place from February 4th to February 6th in Manalapan, Florida.

Mr. Pacino made a motion, seconded by Mr. Stempeck, that the Board approve Ms. O'Brien's travel to, and attendance at, the NextEra Energy Marketing Public Power Summit, in Manalapan, Florida, from February 3 to February 6, 2019.

Motion Carried: 5:0:0.

Attorney Pollart left the meeting.

c. APPA (NEPPA) Legislative Rally

Ms. O'Brien explained that this is the NEPPA legislative rally that occurs at the same time as the APPA rally. Ms. O'Brien stated that she will meet with legislators or their staff to advocate on the behalf of municipals. It will take place February 25th to February 27th in Washington, DC and Ms. O'Brien will report back to the Board following her trip.

APPA (NEPPA) Legislative Rally

Mr. Pacino made a motion, seconded by Mr. Stempeck, that the Board approve Ms. O'Brien's travel to, and attendance at, the APPA Legislative Rally in Washington DC, from February 24 to February 28, 2019.

Motion Carried: 5:0:0.

Integrated Resources Division – Mr. Underhill

Mr. Underhill reported that budget and actual purchase power expenses are very close to one another and tracking well. There is one month left in the year and it looks like it was uneventful.

Ms. O'Brien explained that Ms. Markiewicz would not be presenting because she was unable to travel back from vacation due to storms.

Engineering and Operations Report – September 2018 – Mr. Jaffari

Mr. Jaffari stated that he was reporting through the present date. Mr. Jaffari reviewed major capital construction projects that are currently underway or recently completed including a pole line upgrade on Woburn Street in Wilmington, a remote racking device installed at Station 3, and repairs made due to a motor vehicle accident on 3W13. Mr. Jaffari reviewed maintenance programs including aged transformer replacements, tree trimming, and infrared scans. Mr. Pacino stated that he attended a Reading Select Board meeting where concerns were expressed regarding the pole at Hopkins and South Street getting hit repeatedly. Mr. Jaffari replied that he would contact the DPW regarding installing a guardrail. Mr. Jaffari discussed the pole inspection program and double poles. Ms. O'Brien explained that Verizon only visually inspects their poles. Mr. Jaffari reviewed RMLD's reliability indices and stated that the System Average Interruption Frequency Index (SAIFI) passed the regional average. Mr. Jaffari reviewed the outage causes in December 2018 and stated that on January 1, 2019 a motor vehicle accident caused 1,270 customers to lose service.

General Discussion

Meeting dates were discussed, and Mr. Underhill announced upcoming RMLD community events including the Elementary School Art Awards.

Adjournment

At 9:00 p.m., Mr. Pacino made a motion, seconded by Mr. O'Rourke, that the Board go into Executive Session to consider the purchase of real property and to discuss confidential, competitively-sensitive and proprietary information in relation to making, selling, or distributing electric power and energy, and return to Regular Session for the sole purpose of adjournment.

A true copy of the RMLD Board of Commissioners minutes
as approved by a majority of the Commission.



David Talbot, Secretary Pro Tem
RMLD Board of Commissioners

