

**Reading Municipal Light Board of Commissioners**  
**Executive Session**  
**230 Ash Street**  
**Reading, MA 01867**  
**July 13, 2005**

**Start Time of Executive Session: 8:12 p.m.**  
**End Time of Executive Session: 8:45 p.m.**

**Attendees:**

**Commissioners: Pacino, Soli, Herlihy, Kearns and Hahn**  
**RMLD Staff: Mr. Cameron and Ms. Antonio**

**Chairman Herlihy called the meeting to order at 8:12 p.m.**

**Executive Session Minutes**

**May 18**

Mr. Soli made a motion seconded by Mr. Pacino to approve the Executive Session meeting minutes of May 18, 2005 as presented.

**Motion carried 5:0:0.**

**June 1**

Mr. Soli made a motion seconded by Mr. Hahn to approve the Executive Session meeting minutes of June 1, 2005 as presented.

**Motion carried 3:0:2. Secretary Kearns and Commissioner Pacino abstained.**

**General Manager's Agreement**

Mr. Cameron explained this item was put on the Executive Session agenda as a precautionary measure in the event strategy was required. This issue has been addressed in the Regular Session this evening.

**RMLD Vehicle Fringe Benefit Tax Issue**

Mr. Cameron stated this issue was on the Executive Session agenda at the last meeting, however, since Vice Chairperson Soli was not available at that meeting a vote on the issue was tabled.

Mr. Cameron reviewed the chronological history of the vehicle issue. He said that former Citizens' Advisory Board (CAB) member Fred Van Magness raised an issue with him relative to the personal use of vehicles that were taken home by RMLD employees. Mr. Van Magness wanted to ensure that the proper Internal Revenue Service (IRS) rules relative to such vehicle use were in effect. Mr. Van Magness then discussed the issue with the Town Manager to ascertain whether the Town was conforming to the IRS tax rules.

Mr. Cameron explained he has been subject to the Commuting Rule for fifteen years. In January 2004, Beth Klepeis issued letters to all Town employees who take vehicles home stating that they would be subject to the Lease Value Fringe Benefit IRS tax law. Mr. Cameron, as well as the five RMLD employees, received the letters. The RMLD and Town of Reading employees are now subject to the Lease Value Tax Rule. This meant that employees were now subject to a higher income level than when the Commuting Rule was in effect.

Mr. Cameron stated that when IBEW Local 103 was apprised of Beth Klepeis' decision it filed an Unfair Labor Practice against the RMLD and the Town of Reading with the Commonwealth of Massachusetts State Labor Relations Board (LRB). After the Town of Reading replied to the LRB, Mr. Cameron, Ms. Antonio and Mr. Shirley, of the law firm of Choate, Hall & Stewart met with the IBEW Local 103 employees affected, and their attorney. As a result of this meeting and others, Mr. Cameron worked out settlement. Part of the reason for settlement was the legal costs and time to be spent if the RMLD and the Union could not settle this matter and it went to hearing. Mr. Cameron believed, based on similar cases, that it would take two years for a hearing and would cost \$10,000 to \$15,000 in legal fees. The union wanted the Commuting Rule, but Mr. Cameron has said "no" because the town would not permit it.

After the sides went through negotiations and offers were made Mr. Cameron calculated the cost of giving the employee one years equivalent of the Lease Value Rule minus the Commuting Rule and multiplying that number by 35%, which would be close to what the employees would pay in extra taxes due to the Lease Value Rule.

### **RMLD Vehicle Fringe Benefit Tax Issue**

Mr. Cameron presented this offer to the union and after more negotiations the union accepted the offer for the tax years 2004 and 2005, which amounts to \$4,200. In order to obtain full financial remuneration the affected employees have to stay for both years and pay all the taxes. There would be a side letter to the effect that this is the only and final solution to the vehicle issue, the entire offer was contingent on the RMLD Board of Commissioners approval.

Mr. Cameron, called Messrs. Van Magness and Hechenbleikner to gain their sense of this issue. They both agreed that the settlement Mr. Cameron has proposed to the union was the way to resolve this issue.

Mr. Cameron said he wanted to mitigate the legal costs and could not guarantee the case would be won. The settlement also saves the Town of Reading money in legal fees if the issue were to continue.

Ms. Kearns disclosed that she had spoken with Attorney Tom Shirley relative to this matter. Ms Kearns reviewed the legal precedent cited by IBEW Local 103's attorney Mr. Ira Sills. She said that she did think the case is winnable, but she based her decision to support the settlement on factors raised by Attorney Tom Shirley. That is, the important effect settling this case would have on the managerial unit. Ms. Kearns can agree to the \$4,200 pay out.

Mr. Pacino pointed out it is not a lot of money that is being paid out. Mr. Pacino mentioned if this settlement is not agreed to, the Town of Reading may incur more costs.

Mr. Soli made a motion seconded by Mr. Pacino to approve the \$4,200 settlement amount for the IBEW Local 103 vehicle issue.

**Motion carried 4:1:0. Chairman Herlihy voted against this motion.**

### **Revenue Bonds**

Mr. Cameron stated that he has discussed the possibility of Revenue Bonding for the purpose of taking an ownership position in generating plants in the future. Braintree Electric Light Department, and Taunton Municipal Lighting Plant are considering developing generation. Mr. Cameron educated the Board that the General Obligation Bonds are the only way the RMLD can issue debt. Mr. Cameron said that ownership in generation was a means to meet the conditions imposed on the RMLD, and other municipal electric utilities, by the Independent System Operator (ISO).

Mr. Hahn asked if the specific purpose of revenue bonds was limited to generation?

Mr. Cameron replied "no" it is more project specific.

Discussion ensued on the expanding market power in the Northeast.

### **Motion to Adjourn**

At 8:45 p.m. Mr. Soli made a motion seconded by Mr. Pacino to return to Regular Session.

**Motion carried 5:0:0.**

### **Chairman Herlihy called for a poll of the vote:**

Mr. Pacino, Aye; Mr. Hahn, Aye; Ms. Kearns, Aye; Mr. Soli, Aye and Mr. Herlihy, Aye.

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

Ellen C. Kearns  
Secretary