

Reading Municipal Light Department (RMLD) Board of Commissioners
Policy Committee Agenda

Friday, May 14, 2010

9:30 a.m.

General Manager's Conference Room

1. Identity Theft Prevention Policy, RMLD Policy 29
2. Vehicle Anti Idling Policy, RMLD Policy 31
3. Other Post Employment Benefit Liability Trust Fund Policy, RMLD Policy 8
4. RMLD Board of Commissioners Policy, RMLD Policy 19, Revision 12
5. Suggested Motion:
The RMLD Board of Commissioners Policy Committee recommends that the RMLD Board of Commissioners accepts section 20 of the Massachusetts General Law Chapter 32B.
6. Motion to Adjourn

Identity Theft Prevention Policy

Deleted: RMLD Red Flag Rule

General Manager/Date _____

Chairman/Date _____

I. PURPOSE

A. The purpose of this policy is to develop and implement a written identity theft prevention program. The Federal Trade Commission has issued regulations requiring municipal utilities to develop and implement written identity theft prevention programs under the Fair and Accurate Credit Transaction Act of 2003 (FACTA), 16 CFR § 681.2. These identity theft prevention programs must provide for the identification, detection, and response to patterns, practices or specific activities that could indicate identity theft.

Deleted: known as "red flags"

In addition, the Identity Theft Prevention Program, (the Program) must provide for a periodic updating process to reflect changes in risks to customers and employees.

Deleted: Red flags are patterns, practices, or specific activities that indicate the possible existence of identity theft.

II. RESPONSIBILITIES

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A. RMLD Board of Commissioners

1. Responsible for directing the General Manager to follow the FACTA process at the RMLD as required.

B. General Manager

1. Responsible for overall implementation of this policy and appointing a senior level manager, who will be the Accounting/Business Manager and will be in charge of the Program.

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2. Responsible for ensuring that an annual report is prepared and presented to the Board of Commissioners.

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C. Accounting/Business Manager

1. Will have overall responsibility for the Program.

2. Will appoint a Program Administrator, which will be the MIS Manager, to develop and administer the Program.

D. MIS Manager

1. Will act as the Program Administrator of the Program. Responsible for developing, implementing and updating the Program including guidelines for employees to follow in preventing, detecting, reporting, and investigating instances of identity theft. Ensure appropriate training of RMLD staff, reviewing any reports regarding the detection of identity theft and the steps for preventing and mitigating identity theft.

Deleted: Red Flags

2. Will periodically review and update this program to reflect changes in risks to customers and employees by considering the RMLD's experiences with identity theft situations, changes in detection and prevention methods and changes in RMLD's business arrangements with other entities.

3. Will annually present a report to Board of Commissioners on effectiveness of the program.

1. Responsible for ensuring that the policy is adhered to by all employees in order to prevent, detect, report, and investigate instances of identity theft and to comply with applicable Federal and Massachusetts laws.
2. Staff will prepare a report at least annually for the Program Administrator's review, including an evaluation of the effectiveness of the Program with respect to opening accounts, existing accounts, service provider arrangements, significant incidents involving identity theft and responses, and recommendations for changes to the Program.

and job sites. If not all the units at the scene/site need to be idling, those units which can be turned off must be turned-off.

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Supervisors in each department/division will be responsible for the education of this policy, and in adherence to and enforcement of this idling policy.

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Other Post Employment Benefits Liability (OPEB) Trust Fund

General Manager/Date _____

Chairman/Date _____

III. GENERAL GUIDELINES (continued)

I. PURPOSE

To establish a the OPEB Liability Trust Fund (Fund).

Deleted: process for investing of RMLD funds in

II. RESPONSIBILITIES

Deleted: These funds are under the control of the RMLD Commissioners.

A. RMLD Board of Commissioners

1. Establish a separate fund, to be known as an Other Post Employment Benefits Liability Trust Fund by accepting Massachusetts General Law Chapter 32B, Section 20.

Deleted: Act as Trustees of the RMLD OPEB Trust Fund.

2. Establish a funding schedule for the Fund.

3. Appropriating amounts recommended by the schedule to be credited to the Fund.

Deleted: Responsible for periodically reviewing this policy to ensure its continuing adequacy to meet the purpose of the OPEB Trust. A review should be conducted triennially by the Board with an actuarial study.

4. Appointing a custodian of the Fund.

5. Reviewing the funding schedule every three years.

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B. Treasurer of the Town of Reading

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1. Will be the custodian of the RMLD OPEB Trust Fund. The custodian will ensure that the funds be invested and reinvested consistent with the Prudent Investor Rule set forth in MGL Chapter 203c.

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C. RMLD General Manager

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1. Responsible for selecting an actuary every three years to review the funding schedule.

2. Responsible for informing the Board of Commissioners, at the next available Board meeting, of any investments made under this policy.

Deleted: , along with Treasurer of Town of Reading, for implementing this policy, selection of professional investment advisors and recommending to the Trustees any suggested policy changes.

III. GENERAL GUIDELINES

A. Funds for the OPEB

1. Shall be invested and reinvested by the custodian consistent with the Prudent Investment Rule set forth in MGL Chapter 203C. The funding schedule and future updates shall be designed to be consistent with the standards issued by the Governmental Accounting Standards Board; to reduce the unfunded actuarial liability of other post-employment benefits to zero as of an actuarially acceptable date; to meet normal cost of all such future benefits for which the RMLD is obligated.

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B. Investment Philosophy

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1. To provide a consistent investment yield.

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C. Investment Process

The Treasurer of the Town of Reading and the General Manager shall confer, by phone or in person, from time to time as to investments. The Treasurer of the Town of Reading and the RMLD General Manager shall use professional investment advisors for advice, consultation, and purchase and sale. The Treasurer and the General Manager are authorized to decide and transact any purchases to replace securities which mature, to replace bonds which are called or mature, or to make prudent trading of equities to meet market conditions, and any other actions to ensure the investment philosophy and criteria are satisfied.

D. Exceptions

Investments which do not clearly meet the investment philosophy and criteria will be brought, by the General Manager, to the attention of the RMLD Board of Commissioners acting as the Trustees of the RMLD OP&EB Trust, if time permits. If an investment decision is required prior to the next regularly scheduled meeting, the General Manager will consult by phone or in person with the RMLD Chairman or RMLD Secretary to determine an appropriate course of action.

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1. OP&EB Trust Funds may be invested in high quality stocks and bonds, rated at least "A" or equivalent.
2. OP&EB Trust Funds may be invested in Bank(s) used by the Treasurer of the Town of Reading for town financial purposes in CD's collateralized by government securities held at a third party bank.
<#>Bonds purchased shall be medium to short term (not to exceed 10 years) and be held to maturity.
4. Stocks shall comprise no more than 20% of the total OP&EB Trust fund.
5. Equities shall be purchased primarily for yield.

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The General Laws of Massachusetts

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PART I. ADMINISTRATION OF THE GOVERNMENT

TITLE IV. CIVIL SERVICE, RETIREMENTS AND PENSIONS

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CHAPTER 32B. CONTRIBUTORY GROUP GENERAL OR BLANKET INSURANCE FOR PERSONS IN THE SERVICE OF COUNTIES, CITIES, TOWNS AND DISTRICTS, AND THEIR DEPENDENTS**Chapter 32B: Section 20. Other Post Employment Benefits Liability Trust Fund; local option; funding schedule**

[Text of section added by 2008, 479 effective January 10, 2009.]

Section 20. A city, town, district, county or municipal lighting plant that accepts this section, may establish a separate fund, to be known as an Other Post Employment Benefits Liability Trust Fund, and a funding schedule for the fund. The schedule and any future updates shall be designed, consistent with standards issued by the Governmental Accounting Standards Board, to reduce the unfunded actuarial liability of health care and other post-employment benefits to zero as of an actuarially acceptable period of years and to meet the normal cost of all such future benefits for which the governmental unit is obligated. The schedule and any future updates shall be: (i) developed by an actuary retained by a municipal lighting plant or any other governmental unit and triennially reviewed by the board for a municipal lighting plant or by the chief executive officer of a governmental unit; and (ii) reviewed and approved by the actuary in the public employee retirement administration commission.

The board of a municipal lighting plant or the legislative body of any other governmental unit may appropriate amounts recommended by the schedule to be credited to the fund. Any interest or other income generated by the fund shall be added to and become part of the fund. Amounts that a governmental unit receives as a sponsor of a qualified retiree prescription drug plan under 42 U.S.C. 1395w-132 may be added to and become part of the fund.

The custodian of the fund shall be: (i) a designee appointed by the board of a municipal lighting plant; or (ii) the treasurer of any other governmental unit. Funds shall be invested and reinvested by the custodian consistent with the prudent investor rule set forth in chapter 203C.

This section may be accepted in a city having a Plan D or Plan E charter by vote of the city council; in any other city by vote of the city council and approval of the mayor; in a town by vote of the town at a town meeting; in a district by vote of the governing board; in a municipal lighting plant by vote of the board; and in a county by vote of the county commissioners.

BOARD OF COMMISSIONERS

General Manager

Per Board Vote Date
Chairman/Date

I. PURPOSE

- A. To establish the role of the RMLD Board and Commissioners.
- B. To establish administrative controls for certain Commissioner activities.
- C. This policy may not be changed unless it is advertised in the local newspapers in the four-town service territory once a week for two consecutive weeks. These newspapers are Reading Daily Times Chronicle, The Wilmington Town Crier, The North Reading Transcript and The Lynnfield Villager. The notice of this change will also be posted in the Town Halls in the four-town service territory. Any changes that involve grammar or minor content needed for clarification need not be advertised.

II. GOVERNING LAWS

M.G.L., Chapter 164 and other applicable federal and state statutes and regulations.

III. RESPONSIBILITIES

A. Board Chairman and Vice Chairman:

- 1. Chairman is responsible for calling regular, emergency, and Executive Session meetings of the RMLD Board as needed.
- 2. Chairman presides over RMLD Board meetings, approves the agenda and recognizes all speakers, including other Commissioners.
- 3. Chairman nominates Board members to represent the Commission at appropriate functions, events and meetings. Final decision is by a majority of the Board members. A majority of the Board is at least three of the five members.
- 4. Chairman nominates Board members to Board Committees. Final appointment is by a majority vote of the Board members.
- 5. If the Chairman is unable to attend a Board meeting, then the Vice Chairman will serve as the Chairman of the Board Meeting. If the Chairman and Vice Chairman are unable to attend a Board meeting, then the Secretary of the Board will assume the duties of the Chairman and will appoint a Commissioner to serve as Secretary for that meeting.
- 6. The Board will not address a new issue past 10:45 PM and will end all Board meetings by 11:15 PM.

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B. Board Secretary:

- 1. Final review of Board minutes.
- 2. Certifies, as required by law, votes of the Board.
- 3. Signs, upon direction of a majority of the Board members, power supply contracts and legal settlements on behalf of the Board. Alternatively, the General Manager or any Commissioner may be authorized by a majority vote of the Board to perform this function.

III. RESPONSILITIES (Continued)

C. Commission as a whole, by majority vote:

1. Responsible for approving overall goals, objectives and policy setting for the Department to be discharged by the General Manager within the constraints of M.G.L., Chapter 164 and other applicable federal and state statutes and regulations.

The Commission is elected by the voters of the Town of Reading, accountable to the Town of Reading and responsible to the ratepayers of the entire RMLD service area.

2. Selects the General Manager and establishes the rate and manner of compensation.

The General Manager serves as the equivalent of the Chief Executive Officer and the Chief Operating Officer for the Board with the ultimate authority and responsibility for the operation and the management of the RMLD, under the direction and control of the Commissioners and subject to M.G.L., Chapter 164.

Before the end of the General Manager's contract year, the Board will give the General Manager a written performance appraisal based on the General Manager's performance during the previous fiscal year and adjust the General Manager's salary based on that appraisal. During this process, the Board will set the General Manager's goals and expectations, in writing, for the next fiscal year, upon which the General Manager will be evaluated.

Except for actions contrary to decisions or written policies made by the Board as a whole, the General Manager is authorized to take whatever actions are required to operate and manage the utility.

The General Manager is the only designated representative for the Board regarding collective bargaining negotiations. The General Manager may utilize other RMLD management personnel as needed to carry out these responsibilities.

3. The Accounting/Business Manager is appointed by the Board.
4. The Board will appoint counsel.
5. The Commissioners will meet quarterly with the Accounting/Business Manager to discuss the quarterly budget variances report on the Operating Budget. This meeting will be held during a Board meeting in Open Session. If any issues to be discussed are being considered in Executive Session, then the discussion will proceed during the next Executive Session.

The Accounting/Business Manager will also meet with a member of the RMLD's Audit Committee and the Town Accountant ~~semi-annually to discuss the RMLD's financial issues~~. These meetings may be held more frequently if the RMLD Accounting/Business Manager believes that necessary.

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Also on a quarterly basis, coinciding with the Accounting/Business Manager's presentation in Open Session to the Commissioners, the General Manager will give an update on the expenditures on Outside Services, which includes the legal, engineering, audit, and other consulting services. The General Manager is required to give the Commissioners a full report on the expenditures for each of the outside services including the dollars expended, cost to complete, and a projected end date. If any legal issues are being considered in Executive Session then the explanation of that legal issue will be given in closed session.

When the Accounting/Business Manager questions a payment on an invoice, the Accounting/Business Manager shall bring his concerns to the Commissioners for discussion and resolution at the next available Board meeting. The issue will be discussed in Open Session unless there is a need to go into Executive Session (i.e., invoices concerning legal matters, etc.).

III. RESPONSIBILITIES (Continued)

6. Serves as an appeal body for ratepayers on matters arising from the RMLD's operations.
7. The RMLD Board will appoint one Commissioner to serve on the Town of Reading Audit Committee. Reappointment of this position will be done annually and coincide with the Board restructuring, which occurs at the first meeting after the annual Town of Reading election. The Commissioner on the Town of Reading's Audit Committee will ensure that the selected auditing firm is qualified to perform a financial audit of a municipal electric utility. The RMLD Board of Commissioners accepts the audited financial statements and management letter and shall require the General Manager to submit a written action report on any item commented on by the auditor's Management Letter.
8. Annually selects Commissioners to serve as Board Chairman, Vice Chairman and Secretary. The Chairman, Vice Chairman, and Secretary will be elected by a majority vote of the Board. A special restructuring of the Board may be held with a vote of four members.
9. Approves, after allowing a 30-day period for input from the Citizens' Advisory Board, as provided for in the Twenty-Year Agreement, on the following topics:
 - a. Annual Capital and Operating Budgets - Upon approval of an annual operating budget, the RMLB will make a presentation to the Reading Finance Committee and Reading Town meeting. Upon request, the RMLB shall make a presentation of the annual operating budget to the Finance Committee and/or Town Meeting of any of the other towns serviced by the RMLD.
 - b. Significant Expansion or Retirement of the RMLD's Transmission, Distribution, General Plant, or Generation;
 - c. Power Contracts and Agreements and their Mix;
 - d. Cost-of-Service and Rate Making Practices and;
 - e. Other issues that may come before the Board.
10. Approves:
 - a. The annual report (including audited financial statements) of the RMLD.
 - b. All correspondence on RMLD letterhead that is written by any Commissioner to other elected Boards, Committees or ratepayers.
 - c. All collective bargaining agreements. Also establishes the goals and objectives for the General Manager to meet in bargaining new or amended collective bargaining agreements.
 - d. All presentations made by the RMLD to other elected Boards or Committees.
 - e. Settlement of litigation.
 - f. The appointment of Commissioners to Board Committees.
 - g. Electric rates.
11. Approves, in conjunction with the General Manager, the payroll and weekly accounts payable warrants.
12. Commissioners may attend (consistent with approved RMLD budgets) meetings, conferences, training sessions and similar functions as appropriate for enhancing policy-making skills. Attendance at APPA's national conferences and NEPPA's annual conference and annual business meetings are presumed to be appropriate.

III. RESPONSIBILITIES (Continued)

- 12. Attendance of similar functions sponsored by the Town of Reading or the Commonwealth of Massachusetts for elected officials are also presumed to be appropriate.

Attendance for all other meetings, conferences, training sessions and similar functions shall be administered in the same manner as for RMLD management employees, as outlined in Policy 5, Employee, RMLD Board of Commissioners, Citizens' Advisory Board Overnight/Day Travel Policy. In the event a Commissioner disagrees with the resultant decision(s), he/she may request the Board as a whole, by a majority vote, to approve attendance (subject to any conditions deemed appropriate by the Board). Any Commissioner attending meetings, conferences, training sessions and similar functions as appropriate for enhancing policy-making skills are required to make a full report at the next available Commissioner's meeting.

It is the policy of the Board that no Commissioner will have a personal or economic interest or benefit, directly or indirectly, from attendance in meetings, conferences, training sessions and similar functions. Further, it is the responsibility of each Commissioner to make a full public disclosure of any personal interest or benefit in advance.

- D. Commissioners serve as Trustees of the RMLD Pension Trust with all rights and obligations conferred upon them by the Trust, as amended by the Trust from time to time. Commission, as a whole and by majority vote, as Pension Trustees:

- 1. Acknowledges that the Town of Reading Audit Committee will select the firm that performs the annual financial audit of the RMLD Pension Trust. The RMLD Board of Commissioners accepts the audited financial statements based on the recommendation of the RMLD's Audit Committee.
- 2. Selects the firm that performs actuarial study of the RMLD Pension Trust.
- 3. Selects all professional services associated with the Pension Trust other than the annual audit.
- 4. Performs any other responsibilities as specified in RMLD Policy #22, Pension Trust Investments.

- E. Commissioners will oversee the RMLD ~~Other Post Employment Benefits Liability, Fund Trust~~

- 1. ~~Establish a separate fund, to be known as the Other Post Employment Benefits Liability Trust Fund (Fund).~~
- 2. ~~Establish a funding schedule for the Fund.~~
- 3. ~~Appropriate amounts recommended by the funding schedule to be credited to the Fund.~~
- 4. ~~Appointing a custodian of the Fund.~~
- 5. ~~Reviewing the funding schedule every three years.~~

- F. Board Committees:

- 1. Serve as a mechanism for the Board to review and consider specific issues. - Committees can recommend, but not approve unless specifically delegated, a course of action to the Board.

RMLD Board of Commissioners Committees

Responsibilities

General Manager Committee

Review GM evaluation process.

Audit (Including Town of Reading Audit)

Recommend audit findings to the Board. One member of Audit Committee meets at least semi-annually with the Accounting/Business Manager on RMLD financial issues.

Town of Reading Audit Committee - Sit on the Town of Reading Audit Committee. Select the firm that performs annual financial audit of

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Deleted: - Selects the firm that performs the actuarial study of the OPEB Trust Fund. §

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RMLD pension trust and triennially reviews OPEB trust fund.

RMLD Board of Commissioners Committees

Responsibilities

Power Contracts & Rate Committee

Recommend power contracts to Board.
Recommend rate changes to the Board.

Budget Committee

Recommend Operating and Capital Budgets to Board.
Recommend actuaries and actuary findings to the Board.
Make recommendation to the RMLD Board for legal counsel.

Payables
Account Payables

Review and approve payables on a weekly basis. This position is rotational. It requires three primary signers and one back up. No Commissioner may serve more than three consecutive years on this Committee and must take a year leave before returning to this Committee.

Payroll

Review and approve payroll. This position is rotational. It requires primary signer and one back up. No Commissioner may serve more than three consecutive years on this Committee and must take a year leave before returning to this Committee.

Joint Committee – Payment to the Town of Reading
Two RMLD Board of Commissioners
Two Citizens' Advisory Board Members
One Reading Selectmen

Recommend to the RMLD Board payment to the Town.

Policy Committee

Recommend changes of Board policies to RMLB.

IV. POLICY ELEMENTS

A. It is the policy of the RMLD Board:

1. To operate in accordance with the spirit, as well as the letter of all laws affecting its business and its employees.
2. All Commissioners and employees are required to act with the highest level of integrity, business ethics and objectivity in any RMLD transaction or where a Commissioner or employee represents the Board or the RMLD. No Commissioner or employee is allowed to misuse the authority or influence of his or her RMLD position.
3. To operate in a businesslike and efficient manner in all aspects of operating and managing the RMLD.
4. To be supportive of a good working relationship between Management and Unions as detailed in the Labor Relations Objective section of the Labor Relations Guide for Managers; to initiate communication and interaction with respect to RMLD business with all RMLD employees only through the General Manager; to provide union employees separate access to the Board as constrained within the collective bargaining agreements.
5. To hold regular open and public meetings to allow customers, to provide direct input on any open session matter before the Board.
6. To affirmatively and courteously respond to all requests for public information, subject to the constraints of Policy 12, Board Document Dissemination and the Massachusetts Public Records Law. All requests will be arranged through the General Manager.
7. Not to contribute, in any form, to civic, charitable, benevolent or other similar organizations.
8. To maintain "cost of service" electricity rates; to manage the RMLD with the goal that its residential rates are lower than any investor owned electric utility in Massachusetts and lower than any electric utility whose service area is contiguous with the RMLD's.
9. To utilize technology, training, personnel, and flexible work and administrative processes to maintain a competitive and municipally owned electric utility serving the best interests of

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all ratepayers, to direct and manage the RMLD in the best interests of the RMLD, the
Town of Reading, and its customers,

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