

**MINUTES
TOWN OF BELMONT
BELMONT MUNICIPAL LIGHT BOARD
SELECTMEN'S MEETING ROOM
TOWN HALL
Friday, May 22, 2015
8:00 A.M.**

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I. CALL TO ORDER

Chair Baghdady called a regular meeting of the Municipal Light Board (MLB) to order at 8:05 A.M.

Present:

MLB- Chair Baghdady, Vice Chair Paolillo, Member Williams

Municipal Light Advisory Board- Vice Chair Forrester (no quorum)

Belmont Light- General Manager Palmer, Staff Keane and Makar-Limanov
(Klubnichkina)

II. FISCAL YEAR '14 AUDITED FINANCIALS

Makar-Limanov presented the Board with draft audited financials from the 2014 fiscal year. For the reporting period, Belmont Light had a net income of \$2.7 million before making its PILOT payment, retirement of debt, and transfer to the Construction Reserve Fund. Total revenue increased by \$2,188, 152 over the previous year. Sales revenue increased by 10 percent due to the 2014 rate increase that went into effect as a reaction to high purchased power costs. These higher purchased power costs were directly reflected in the financials, which increased 10% over 2013's purchased power costs. Purchased power also accounted for 70 percent of Belmont Light's operating expenses in 2014, compared to 67 percent in 2013. Purchased power expenses for 2014 include \$400,000 transferred to the Rate Stabilization Fund. Distribution expenses decreased by \$55,000, or 3 percent, because of a reduction in overhead and underground projects in 2014.

General and administrative costs decreased by \$273k, or 9 percent, mostly due to a personnel reorganization project that completed the previous year. With more internal staff working on records management, accounting, collections, and administrative tasks, Belmont Light is running more efficiently and spending less on outside services and consultants.

The Board asked Makar-Limonov some detailed questions regarding the financials and noted that she did a great job preparing them. Williams then stated that the Board might want to examine the conditions guiding Belmont Light's annual PILOT payment. The Board will revisit this topic before Belmont's Light's 5-year PILOT payment agreement expires in 2016. Williams next raised concerns about Belmont Light's OPEB contributions, suggesting that the Board might want to consider the option of putting employee contributions into a trust fund rather than a cash account. The Board will also discuss this topic further at a later date.

III. GENERAL MANAGER'S REPORT

a. Update on substation and transmission project

Palmer reported that the demolition phase of the project is in its final stages. The foundations at the substation site are being removed, scaffolding is going up, and roof work is due to finish by the end of May. 60 percent of the 20 Flanders site has been turned over to the building contractor, who has mobilized some equipment. The contractor still needs to obtain a building permit, but already has permission for soil removal. Undocumented drain pipes at the site were somewhat problematic, but the project team is currently in discussions with MA DCR to resolve the issue.

Groundbreaking at the 20 Flanders site is expected for the end of June. A bid opening for the transmission line is scheduled for June 2nd. The project team will expedite awarding the award for this bid because they would like to issue a Notice to Proceed by July 2nd. Palmer sees licensing with the MBTA as the biggest challenge going forward. The overall project schedule will be tight, but the project team is hopeful that the substation building will be finished by the end of December 2015, major electrical equipment will be delivered around January 2016, the transmission line will be installed in March 2016, and that energization will happen in June 2016.

The Board and Palmer discussed the project in more detail. Topics included oversight from the Planning Board, how Palmer manages the project on a daily basis, and that the Light Board needs to be kept in the loop on project developments and meetings.

IV. UPDATE FROM MLAB

Forrester stated that MLAB member met the previous night to discuss the 2014 audited financials and the substation/transmission project. He and Williams also explained that Williams and a subgroup of MLAB are working on an updated proposal for Belmont Light's solar DG pricing policy. Baghdady and Paolillo had concerns about the Light Board not being kept apprised to what was transpiring on the solar DG issue. They stated that the Light Board and MLAB need to be careful how they handle this issue, since it is important to the community and has generated controversy. Paolillo suggested that an independent committee be formed to work on the issue in a thorough, transparent manner. Williams was hopeful that the issue would be resolved soon. The Board discussed the solar DG issue further.

V. ANNUAL PERFORMANCE AND SALARY REVIEW OF THE GENERAL MANAGER

Baghdady stated that for awhile, MLAB has overseen the review of the general manager, but that he believes that this should be the Light Board's responsibility as they are the ones directly accountable to voters. With other departments in town, including school committee members and the town administrator, employees do a self-evaluation in coordination with the Human Resources Department, the selectmen conduct a review, and the results are discussed at open meeting. Williams agreed that the current review process needs to be altered, but hopes that the

performance evaluation that MLAB conducted of the general manager this year might still be considered. Paolillo concurred. From the audience, MLAB member Klionsky described the process MLAB used to conduct its evaluation, which included gathering data from other municipal light departments and providing thorough feedback.

Baghdady stated that the Light Board would conduct its own performance review for Palmer over the next 30 to 45 days. Paolillo and Williams agreed that expediting the process would be prudent.

VI. APPROVAL OF MINUTES DATED 11/25/14 & 4/22/15

Paolillo moved to approve the Light Board minutes from November 25, 2014. Baghdady seconded and the motion was approved with a vote of two in favor and one abstention.

Williams suggested that one sentence in the draft minutes from April 22, 2015 be removed.

Baghdady moved to approve the Light Board minutes from April 22, 2015 as amended. Paolillo seconded and the motion was approved with a vote of all in favor (3-0).

VII. APPROVAL OF 2014 DPU REPORT

Makar-Limanov briefly described the 2014 draft annual report to the Department of Public Utilities, which is a financial report Belmont Light submits each year on behalf of the town.

Paolillo moved to approve the 2014 Annual Report of the Town of Belmont to the Massachusetts Department of Public Utilities. Williams seconded and the motion was approved with a vote of all in favor (3-0).

VIII. ADJOURNMENT

The Board moved to adjourn at 9:41 A.M.