

**MINUTES
TOWN OF BELMONT
BELMONT MUNICIPAL LIGHT BOARD
SELECTMEN'S MEETING ROOM
TOWN HALL
Monday, May 23, 2016
5:30 P.M.**

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I. CALL TO ORDER

Chair Paolillo called a regular meeting of the Municipal Light Board (MLB) to order at 5:40 P.M.

Present:

MLB – Chair Mark Paolillo, Vice Chair Sami Baghdady, Member Jim Williams

Belmont Light – General Manager Jim Palmer; Staff Becca Keane, Aidan Leary, Maria Makar-Limanov; Consultant Gabe Shapiro

II. UPDATE ON SUBSTATION & TRANSMISSION PROJECT

Palmer reported that since the last MLB meeting on April 25, 2016, Belmont Light has determined the cause of the rail movement problem along the MBTA commuter rail route. He stated that the problem was related to the MBTA replacing railroad ties, causing the rail to move beyond expected tolerances and that it was easily rectified within a ten-foot section. He said that the overall project continues to move along smoothly and that the planned October 2016 energization date remains attainable.

The application to take an outage has been filed with ISO-NE, which Palmer pointed out demonstrates a high degree of confidence among the project team in meeting the October 2016 energization date. Palmer reported that Belmont Light has set October 28, 2016 as the target date for energization.

Palmer stated that Eversource has also increased their involvement and direct management with the project. He said that it is necessary to have both parties involved because of the complexity of connection and meeting with other agencies.

Laying out the overall progress, Palmer stated that permitting is one hundred percent complete, engineering is one hundred percent complete, procurement is ninety-nine percent complete, and construction is seventy-five percent complete. Belmont Light will issue a final contract for the final testing, acceptance, and commission of the of the transmission line in the third quarter of 2016. Once testing is complete, the project will be accepted into the grid.

The substation building will be substantially complete on June 1, 2016 and all final work will finish by the end of June 2016.

Williams stated that although project construction is not expected to extend into winter, there was some difficulty with the MBTA's storm policy last year. He asked if there were any other

issues with the MBTA around access to the track and the property needed to finish the project. Palmer responded that there are no problems right now and that everything is moving along well with the MBTA. Belmont Light did have some challenges getting some design submittals approved by the MBTA, but only one design submittal remaining for final approval.

Paolillo asked Palmer about the date of the transfer of property to Eversource. Baghdady noted that it would be important for this to take place in December 2016 so that it would become taxable according to the town's fiscal calendar. The Board discussed topics surrounding the energization date and the planned outage leading up to that date.

III. BELMONT LIGHT ELECTRIC VEHICLE INCENTIVE PROGRAM

Shapiro, Vice President of Programs and Partnerships for Sagewell, Inc., gave a presentation on a proposed electric vehicle incentive program for Belmont Light customers. (Presentation slides attached.). He said that Sagewell has a history of executing energy efficiency programs with Belmont Light, including weatherization and heat pump programs. Highlights of Shapiro's presentation include:

- Electric vehicles have numerous potential benefits for Belmont residents and Belmont Light.
- One electric vehicle generates as much net revenue as an additional house connecting to Belmont's grid, about \$510 per electric vehicle. An electric vehicle also lowers carbon emissions by 3.9 tons annually.
- Sagewell's plan is to reach out to Belmont commuters with short to moderate commutes in households with more than one car.
- Local car dealerships are interested in providing discounted leases on EVs to Belmont residents.
- The program would provide Belmont drivers with discounted smart chargers and will facilitate workplace and public charging stations.
- The key to Sagewell's plan is an outreach program to drive awareness through various avenues.

Paolillo asked about the estimated program budget. Palmer responded that the programs costs would mostly be marketing the program and incentive payments for the chargers. Baghdady questioned whether it should be a municipal function to incentivize private citizens to purchase or lease vehicles. Palmer said that the nature of Belmont Light's interest in the program is primarily around the smart charger incentive program, which helps with load management. Baghdady stated that he supports electric vehicles and Belmont Light's efforts to incentivize their use, he questioned whether the outreach plan goes a step further. Shapiro replied that the program involves raising awareness of the product and making it easy for people to take advantage of incentives that exist and finding car dealerships that will provide a streamlined process for those interested.

Paolillo noted that the program does not involve cutting deals with car dealers, rather it involves identifying dealerships and having Belmont residents interested in learning more about electric vehicles contact Belmont Light. Shapiro agreed, stating that there would be no financial relationship between the dealerships, the Town, Belmont Light, or Sagewell. Baghdady asked how Sagewell would get paid under this program. Shapiro responded that streamlining the

process with dealerships is part of the overall proposed program that Belmont Light has hired Sagewell to conduct. Palmer reiterated that Belmont Light is interested in promoting smart chargers. Paolillo asked whether the chargers would be in private homes or in public. Palmer replied that chargers would be in both locations. The Board, Palmer, and Shapiro discussed the proposed EV program further.

Paolillo referenced Belmont Light's Energy Resources Policy of 2013 and noted that the policy does not include electric vehicles. He suggested that the electric vehicle plan could be organized in a campaign format, similar to the Belmont Goes Solar campaign.

From the audience, Light Board Advisory Committee (LBAC) Member Steve Klionsky stated that in order to give his thoughts on the program, he would need additional information pertaining to peak-shaving, success stories from other municipalities.

IV. DISCUSSION ON LIGHT BOARD ADVISORY COMMITTEE ROLE & PROJECTS

As the LBAC is now intended to be more project-oriented, Paolillo suggested that LBAC to review the electric vehicle program and present their expert opinion during the June 2016 MLB meeting. He said that the LBAC has been dormant for a while but that it is time to reengage the committee by first convening and electing officers.

Williams asked what role the Belmont Energy Committee should play in the electric vehicle plan. The Board agreed that LBAC could reach out to the Energy Committee so the two committees could work together in an evaluation of the electric vehicle plan.

Paolillo asked about Belmont Light's demand-side management plans. Palmer confirmed that Keane will be stepping into the role of Energy Resources Analyst and that her duties will include implementing and evaluating Belmont Light's DSM programs. From the audience, Keane stated that it would be helpful to work with the LBAC on these programs.

V. DISCUSSION ON GENERAL MANAGER'S REVIEW

Paolillo stated that the Board is delayed in performing its review of the General Manager, which should have been done in February. He said that historically the Advisory Board, now LBAC, would put together a memo summarizing their recommendations for MLB. Palmer and the Board discussed methods of performing the review and agreed that Palmer would fill out a self-evaluation, which would be compiled with the Board members' evaluations and reviewed during the June 2016 MLB meeting.

Williams asked whether, since the position of General Manager of Belmont Light is at an equivalent level as that of Town Administrator, the process to evaluate each should be similar. The rest of the Board agreed that the processes should be equivalent. Paolillo suggested revisiting goals quarterly going forward.

VI. DISCUSSION ON BELMONT LIGHT OPEB LIABILITY

Paolillo said that at the April 25, 2016 MLB meeting, the Board agreed to stop segregating funds into the OPEB trust fund, subject to review Belmont Light legal counsel. Palmer stated that what

was in question was how the OPEB segregation came to be set up as it is. Since the April 25, 2016 meeting, Palmer said that Belmont Light has met with members of the Permanent Audit Committee, the Auditor Jim Goulet (not present) of Goulet, Salvidio & Associates, P.C., and Walter Foskett (not present), legal counsel for Belmont Light. Palmer said that they reviewed some of the complications involved with moving the funds in accordance with the motion voted on during the April 25, 2016 MLB meeting. He said that minutes from a 2008 Board of Selectmen's meeting had been located with the help of former MLAB member Bob Forrester (not present) and asked Town Treasurer Floyd Carman to clarify from where they came. From the audience, Carman said that he found meeting minutes from Forrester and that they were not filed with the Town Clerk.

Paolillo asked whether the minutes showed that a Special Purpose Stabilization Fund had been established for the proceeds in question. Palmer pointed to language in the minutes which refers to the proceeds as a fund. He suggested having legal counsel further review the issue. Paolillo said that the Board needs to understand whether the effect of the meeting minutes from 2008 is that the proceeds in question should remain as is up to the point of the April 25, 2016 MLB vote.

Williams said that two things happened at the Permanent Audit Committee: first, that Ralph Jones' (not present) memory was that the segregation had never been approved by the MLB or the Board of Selectmen; second, the Auditor stated that to comply with the April 25, 2016 MLB vote, the Town would have to run the funds through the income statement. Makar-Limanov stated that when you use a rate stabilization reserve, you reduce your expenses by transferring cash from reserve, reducing your expenses on the profit and loss sheet (P&L). She said that when you reserve it, you show it as part of your expense and that this process is exclusive to rate stabilization funds. The Board further discussed the process involved in transferring the OPEB funds to the rate stabilization fund.

Palmer asked whether it would be prudent to rescind the April 25, 2016 MLB vote in question. Paolillo stated that a three and a half million dollar P&L hit is significant and he questioned whether the Board was able to move it based on the 2008 Board authorized vote. Paolillo said that he did not know whether the Board would be able to rescind the 2008 Board vote. Williams stated that it is possible to no longer segregate the OPEB funds going forward, but also questioned whether the Board could move the funds going back to 2008.

From the audience, Carman raised the issue that the 2008 minutes in question were not filed with or stamped by the Town Clerk. The Board discussed issues surrounding authenticating the 2008 minutes. Williams noted that the Board was not aware of the 2008 minutes when it took the vote to stop segregating OPEB funds on April 25, 2016. Paolillo stated that if the 2008 vote did in fact take place, he did not want to rescind it, but did agree that the OPEB segregation should end following the April 25, 2016 vote. Williams suggested that the Board rescind the April 25, 2016 vote and make a subsequent decision based on the facts received at a later date. Baghdady suggested that the Board instead suspend that vote until it receives further information and direction.

Paolillo moved to suspend the vote taken at the April 25, 2016 meeting to transfer Belmont Light's OPEB funds to the Rate Stabilization Fund until the Board receives additional

information on a 2008 Light Board decision on OPEB funds. Baghdady seconded and the motion was approved with a vote of all in favor (3-0).

VII. APPROVAL OF MINUTES DATED 4/25/16

Baghdady made a motion to approve the Light Board minutes from April 25, 2016 as amended. Williams seconded and the motion was approved with a vote of all in favor (3-0).

VIII. USE OF BOND PROCEEDS

Palmer reported that Belmont Light would have about six million dollars of additional funds after completion of the substation and transmission line project. The initial long-term bonding for the substation was \$26.1 million. Because of a shift in the cost allocation for the substation and transmission line projects, with the cost of the transmission line rising above the original \$27.6 million bond and a split of assets between Eversource and Belmont Light, Belmont Light now has about \$6 million in capital funding to be used for retirement of the substation project. He stated that this shift was cleared through the Town Treasurer's office at the time.

Carman suggested that the six million dollars be used toward the three facilities that will need to be decommissioned. Carman also stated that there will be upgrades needed for the existing system. The Board discussed other issues in regards to the timing and use of the additional funding. Carman commented that the additional reimbursement funds from Eversource can only be used toward this substation and transmission line project.

IX. FUTURE MEETINGS

The next meeting of the Municipal Light Board was scheduled for June 27, 2016 at 5:30 P.M. in the Selectmen's Meeting Room.

X. EXECUTIVE SESSION & ADJOURNMENT

The Board moved into Executive Session at 6:56 P.M.:

- a. To conduct contract negotiations with union personnel.

The Board did not re-enter Open Session and adjourned Executive Session at 7:05 P.M.