

**MINUTES  
TOWN OF BELMONT  
BELMONT MUNICIPAL LIGHT BOARD  
SELECTMEN'S MEETING ROOM  
TOWN HALL  
Monday, October 24, 2016  
5:30 P.M.**

**I. CALL TO ORDER**

*Chair Paolillo called a regular meeting of the Municipal Light Board (MLB) to order at 5:49 P.M.*

Present:

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

Town Treasurer Floyd Carman

Belmont Light – General Manager Jim Palmer, Staff Maria Makar-Limanov, Aidan Leary

**II. CALENDAR YEAR 2016 Q2 PRELIMINARY FINANCIALS**

Makar-Limanov provided the Board with a preliminary financial reporting package for the second quarter of 2016 (see below) and reported that Belmont Light is financially stable. Net income before the Payment in Lieu of Taxes (PILOT) and other debt interest payments was \$1.8 million. Total revenue decreased by \$849,000 because consumption was down due to a mild winter. However, purchased power expenses were also down \$1.09 million because of the decrease in load and because of lower gas prices. Distribution expenses increased \$52,000 due to rate increases and costs brought on by the finalization of the smart meter program.

Belmont Light set its purchased power and transmission adjustment (PPTA) to a credit rate of \$0.0085 per kilowatt hour. Makar-Limanov explained that this was done to true-up the estimated cost to purchased power, projected at the beginning of the year, with the real costs determined midyear. The credit was applied beginning in August 2016 and appeared on customer bills at that time.

The Board asked Makar-Limanov additional questions about the details of the preliminary financial reporting package.

**III. UPDATE ON SUBSTATION & TRANSMISSION PROJECT**

Williams reviewed the long-term and short-term bonding for the substation and transmission project. Eversource will reimburse Belmont Light for the \$27.6 million in short term debt. Williams asked how that will appear on the balance sheet. Carman stated that at Town Meeting

in June 2017, he will request the deauthorization of \$27.6 million of authorized debt. He said that will have no impact on the balance sheet or the income statement, rather it will have an impact on some of the disclosures.

Williams asked about the additional financing that has been occurring on behalf of Eversource. Palmer responded that the financing is rolled into the \$26.1 million long-term bond and the reimbursement will go to fund the distribution project, which is roughly around \$7 million. Palmer said that leaves a “surplus” of about \$5 million. Paolillo stated that he has asked Palmer to prepare a reconciliation on the entirety of the substation and transmission line project financing in order for the Board to determine next steps to take in terms of capital projects.

Carman stated that as long as whatever excess money from the \$26.1 million long-term bond goes back into the substation and transmission project, the decommissioning of existing substations or other related projects, this will be considered a municipal government use and will be permissible.

#### **IV. UPDATE ON MASTER CAPITAL PLAN**

Palmer presented to the Board a draft version of Belmont Light’s next capital improvement project, the Master Capital Plan for the decommissioning and implementation of the current main substation at 450 Concord Avenue. The plan is laid out in two phases: the first phase to decommission 450 Concord Avenue between Fall 2017 through Fall 2022; and the second phase to decommission the remaining two substations between Fall 2022 and Fall 2027. Palmer said that Belmont Light is working to finalize the details and the overall costs of the plan. Paolillo expressed his

Palmer said he wanted to make sure that the understanding was that overall substation and transmission line project includes the distribution project to connect the new substation building with the existing electric infrastructure. He said that the decommissioning project is part of the Master Plan, which also includes the modernization of the system as a whole. He said that Belmont Light has an engineering model for the entire town laid out and is going through final calculations before presenting more concrete numbers at a later date.

Paolillo asked if there would be any disruption to the community due to the project. Palmer responded that there will be very little disruption because Belmont Light has consistently been upgrading any cable or equipment that needs to be upgraded with higher voltage equipment over a number of years. He said it all begins with energization of the new substation.

Paolillo reviewed the project bonding and asked what would be taxable after the project is complete. Carman stated that once assets are transferred to Eversource, it is up to the Board of Assessors to make a determination as to what is taxable. Paolillo stated that after his conversations with Palmer, it is the personal property inside the substation building that will be reviewed by the Board of Assessors and cost will be a component of that review.

Baghdady asked if there will be any disruption of service due to the energization of the new substation, even for a few hours. Palmer said not during the energization process but that there may be some disruption in the March-April 2017 timeframe as the final cutovers happen.

Williams asked whether there was anything foreseeable that could possibly delay the finalization of the project and the transfer of assets. Palmer responded said he did not foresee anything to that effect. Williams asked Carman what the effect would be, tax-wise, if the assets are not transferred by December 31, 2016. Carman responded that as long as Eversource is willing to assume control of the assets, whether the substation is energized or not, Eversource would become the owner. Palmer stated that everything is on track for energization during the week of December 5, 2016 and that the closing is to take place before that time.

#### **V. GENERAL MANAGER'S REVIEW**

Paolillo reviewed the process that the Board will undertake for Palmer's annual review. Palmer had submitted a summary of accomplishments from the past year as well as an evaluation form and his thoughts on compensation to be considered. Paolillo said that the Board would come to a determination on the review and compensation by the next Light Board meeting on November 14, 2016. Each Board member will submit his own review to Belmont Light's human resources consultant, who will compile and summarize the reviews. The Board will also discuss a raise for Palmer, retroactive to February 2016, and a completion bonus for completion of the substation and transmission project.

Baghdady cautioned that the review should be done in public and not in executive session. Paolillo agreed and stated that if the Board was entering into a contract with Palmer, then an executive session would be appropriate.

Paolillo asked the other Board Members to review the documents that Palmer submitted, to perform their own evaluations, and to consider the compensation issues as well ahead of the next Light Board meeting.

#### **VI. REVIEW OF LBAC APPOINTMENT APPLICATIONS**

Paolillo asked LBAC applicant, Travis Franck, to give an overview of his applications and qualifications. Franck said he has been a resident of Belmont since 2010. He has been interested in energy and climate issues and has been working in the field for about fifteen years. He earned a Master's Degree in Energy Economic Modelling and PhD in Climate Change Impacts, both at M.I.T. and works for a nonprofit doing climate and energy modelling.

Baghdady said that Franck is high on the list of applicants for the Energy Committee as well and asked which of the two Franck would choose. Franck said that he is interested in helping Belmont Light and the Town envision how to better use the municipal utility but has also been involved with the Energy Committee. Paolillo said he didn't see a reason that Franck could not serve on both. Williams said that, in terms of having a direct impact, LBAC would be a better fit.

Palmer suggested that Franck could serve as the liaison between Belmont Light and the Energy Committee. Franck and the Board all agreed that would work.

Paolillo stated that his three selections for new LBAC members were Franck, Robert Forrester (not present), and Roy Epstein (not present). He said that Forrester had previously served admirably on the former Municipal Light Advisory Board (MLAB), added a lot of value in terms of his accounting background, and has been assisting Belmont Light since his departure from LBAC. Paolillo also commented that he liked Franck's application and praised Epstein's work on the Net Metering Working Group. He said his fourth appointment would be Stephen Pinkerton, who also applied for the Planning Board. He stated that while he didn't know David Schlissel, Glenn Wong or Sarah Jackson, he praised their resumes and said he was sure they are all fine individuals.

The Board reviewed the makeup of LBAC. Leary confirmed that there are currently three members of LBAC and that it is made up of five full voting members and two non-voting associate members. Williams recalled that the Board had discussed expanding the number of full members. Paolillo and Baghdady both agreed that removing the associate status was acceptable to them.

Williams stated that Forrester is now part of the Permanent Audit Committee and Epstein chairs the Warrant Committee. He then put forth Schlissel and Jackson as candidates based on their resumes. Paolillo agreed that Jackson was a good candidate.

Baghdady said that Forrester's technical and accounting expertise would be needed and that Forrester is very familiar with the operations, having served on MLAB. He said that Epstein has proven himself with the solar energy debate. He said that he had a conversation with Epstein and had asked if Epstein wanted to serve in both capacities and that Epstein said he would love to. Baghdady praised Franck and reiterated the importance of having a liaison between the Energy Committee and LBAC. He said he is happy to elect either Jackson or Pinkerton as the final member. Paolillo asked if Pinkerton had been nominated to any other board. Baghdady replied that there had been discussions to select Pinkerton to certain Planning Board working groups as they arise. He said that all of the candidates had impressive applications.

*Williams moved to change the charge of the Light Board Advisory Committee to seven full voting members. Baghdady seconded the motion and the motion was approved with a vote of all in favor (3-0).*

Paolillo said that LBAC is advisory in nature and that going forward, the Board will ask LBAC to do different evaluations, including economic modelling, a cost-of-service study and other research.

*Baghdady moved to nominate Robert Forrester to the Light Board Advisory Committee. Paolillo seconded the motion and the vote was approved with a vote of all in favor (3-0).*

*Williams moved to nominate Sarah Jackson to the Light Board Advisory Committee. Baghdady seconded the motion and the vote was approved with a vote of all in favor (3-0).*

*Baghdady moved to nominate Travis Franck to the Light Board Advisory Committee. Williams seconded the motion and the vote was approved with a vote of all in favor (3-0).*

*Baghdady moved to nominate Roy Epstein to the Light Board Advisory Committee. Paolillo seconded the motion and the vote was approved with a vote of all in favor (3-0).*

Paolillo thanked Schlissel, Wong, and Pinkerton for their applications and for their interest in serving. He said that he hopes that they will look for other opportunities to help the town in the future. Baghdady noted he was impressed by the quality of the applications.

Paolillo said that he will reach out to LBAC Chair Steve Klionsky (not present) to schedule a working session between the Board and LBAC.

#### **VII. MEETING MINUTES DATED 6/27/16, 8/8/16, & 9/26/16**

*Williams made a motion to approve the Light Board minutes from June 27, 2016; August 8, 2016; and September 26, 2016. Baghdady seconded the motion and the motion was approved with a vote of all in favor (3-0).*

#### **VIII. FUTURE MEETINGS**

The next two MLB meetings are scheduled for November 14, 2016 and December 12, 2016, all to begin at 5:30 P.M. in the Selectmen's Meeting Room.

#### **IX. ADJOURNMENT**

*The Board moved to adjourn at 6:51 P.M.*