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**MINUTES
TOWN OF BELMONT
MUNICIPAL LIGHT BOARD
TOWN HALL
SELECTMEN'S MEETING ROOM
Thursday, December 8, 2016
8:30 A.M.**

I. CALL TO ORDER

Chair Paolillo called a regular session of the Municipal Light Board (MLB) to order at 8:35 A.M.

Present:

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

Belmont Light – General Manager Jim Palmer, Staff Aidan Leary, Counsel Walter Foskett

Municipal Light Advisory Board – Chair Steve Klionsky (no quorum)

Board of Assessors – Chair Robert Reardon, Administrator Daniel Dargon

Town Treasurer Floyd Carman

II. EXECUTION OF AGREEMENT WITH EVERSOURCE

Paolillo stated that the Board was reconvening to review closing documents with updated language. He went over the cost of the substation and transmission project, as they appeared in the closing documents. The total cost of the project was \$92 million. The cost to Belmont Light was \$22.8 million. With the transfer of the transmission line and other items, Eversource was paying to Belmont Light \$45 million, which Paolillo said was in the Asset Purchase Agreement. He said outside of that amount, Eversource had spent \$24.6 million of its own money on the project. The \$45 million was broken down to: \$1.1 million of personal property; approximately \$42 million of direct non-property and indirect non-property; and \$1.2 million for the MBTA easement. Paolillo said that a good part of the transfer amount is for professional services, which is not taxable. He summarized that the total taxable amount to Eversource was \$10.45 million.

Carman cautioned that he would not take the \$10.45 million as personal property. He said that the next step would be to have the Board of Assessors go out and look at the site to determine the appropriate number.

Foskett stated that there would be a post-closing adjustment period during which details would be ironed out. Paolillo acknowledged that and asked what the effective tax date would be. Dargon responded that it would be January 1, 2017.

Baghdady stated that there is a process and that the real accounting could be different. He said his concern was in the Asset Purchase Agreement and whether it ties the Assessors' hands without a sentence that they are not limited to this document. Foskett questioned whether the entire sentence that Baghdady was worried about should be taken out. Baghdady responded that it would be better to take the allocation of assets out completely or add a sentence that this agreement does not bind the Town to that amount within it. He suggested the following language to be added:

This allocation shall not be the basis for the assessment of local real estate and personal property taxes.

Baghdady said that this language allows the Assessors to do their jobs.

Foskett said that he would discuss the language with counsel for Eversource. He said if the Board signed the documents at the meeting, he would go to Kopelman and Paige, the escrow law firm overseeing the agreement, with the proposed language. He said that he had talked with counsel for Eversource the previous day and they were still open to changes.

Klionsky suggested that the above language be put into the affirmative, instead of the negative. Reardon stated that he would rather have it be in the negative from an assessor's point of view. Reardon said that Eversource could submit the agreement as evidence if it chose to appeal.

Reardon asked why the agreement says "non-property". He asked how much taxable property was installed in the Town of Belmont. He said that professional services could be considered part of the personal property but the Assessors would need to look at all of the documentation first. The Assessors typically look at the net book value, among other things, to come up with a determination. Foskett stated that he believed taking out the sentence in question would alleviate any concerns.

Baghdady stated that he was comforted by Paragraph 9 of the Easement Agreement – Assignment and Successors – that Eversource can only assign the transmission line to an affiliate or a company of Belmont Light's choosing. He said that he would rather see that paragraph say "shall" instead of "may". Foskett responded that he was not sure if that would work because it is not definite. He said there is no affiliate that Eversource will assign the easement to. He said that "may" will not hurt the Town and that if Belmont no longer receives transmission from Eversource or any other company, the easement will terminate.

Baghdady said that his concern was the perpetual easement inside the substation building. He said that he did not want to be stuck with Eversource owning the easement if the relationship between Eversource and Belmont or Belmont Light ever unravels. In that case, Belmont would have to get Eversource to release their easement and they could say no. Foskett said that what Eversource is buying with the easement is the ability to sell electricity to Belmont. Reardon responded that Eversource essentially owns the substation building with their property rights.

Foskett said that the language was drafted as part of the Joint Development Agreement (JDA). He said “may” refers to a situation where Eversource gets out of the transmission business and would have to assign the easement to another company. Baghdady said that if the substation building is no longer used for electricity, Eversource would still have the easement. Foskett disagreed, stating that if the building is no longer being used for transmission, the easement is gone.

Reardon asked if the easement can expire or revert back to the Town. Palmer responded that this was not a concern because the substation will be a part of the Greater Boston grid, that it goes in and out of Belmont, so it is critical. Paolillo suggested taking language from the Operating Agreement regarding termination and reverter and placing it into the Easement Agreement. He said if the station no longer exists, Eversource would not need an easement. The Board continued this discussion and the Board agreed to add a termination and reverter clause to the Easement Agreement.

Williams asked about the sources and uses of funds. He asked for a closing cost summary and reviewed the total project costs. Palmer stated that there are spreadsheets available which review all of the cost breakdowns and that the funding came from the bonding and the depreciation funds held at Belmont Light. Carman said that there were two purposes for the bond premium – if the project “spring a leak” or if there was need to pay a premium. He said that money has not been spent.

The group continued to discuss the funding for the project. Palmer stated that he cannot sign a contract unless Belmont Light has the funds to pay the bill. He said that Belmont Light had to use some of the depreciation funds to pay some of the bills on the substation project. He continued by saying that some of the bills may still be in flux and have not yet come in yet. Paolillo asked Palmer to bring a Sources and Uses Report to the next meeting of the Light Board.

The group then discussed the process of escrow and Foskett explained the documentation that the Board would be signing.

Baghdady moved to approve and sign the Asset Purchase Agreement between NSTAR and the Town of Belmont, acting by and through its Municipal Light Department, dated December 7, 2016, subject to the changes discussed under Section 2.5 as recorded in the minutes. Williams seconded the motion and the motion was approved with a vote of all in favor (3-0).

Baghdady moved to approve the Bill of Sale between NSTAR and the Town of Belmont, acting by and through its Municipal Light Department, dated December 8, 2016. Williams seconded the motion and the motion was approved with a vote of all in favor (3-0).

Baghdady moved to approve the Easement Agreement between the Town of Belmont, acting by and through its Municipal Light Department, and NSTAR, dated December 8, 2017, subject to

termination language to be added to the document as outlined in the minutes. Williams seconded the motion and the motion was approved with a vote of all in favor (3-0).

Baghdady moved to approve and execute the Assignment and Assumption Agreement between the Belmont Municipal Light Department and NSTAR, dated Decembe7, 2016. Williams seconded the motion and the motion was approved with a vote of all in favor (3-0).

Baghdady moved to approve the Escrow Agreement, dated December 7, 2016. Williams seconded the motion and the motion was approved with a vote of all in favor (3-0).

The Board then signed all of the closing documents.

III. ADJOURNMENT

The Board moved to adjourn at 10:00 A.M.