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**MINUTES  
TOWN OF BELMONT  
BELMONT MUNICIPAL LIGHT BOARD  
TOWN HALL  
SELECTMEN'S MEETING ROOM  
Monday, January 23, 2017  
5:00 P.M.**

**I. CALL TO ORDER**

*Chair Paolillo called a regular meeting of the Municipal Light Board to order at 5:16 P.M.*

Present:

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

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

**II. SUBSTATION AND TRANSMISSION PROJECT**

**a. Reconciliation/Sources & Uses of Funds**

Palmer reviewed the Funding Sources & Uses document provided to the Board (see below). The sources of funds were broken into the following categories:

- Long-term bonding – a \$26.1 million long-term, non-taxable note, which is already in Belmont Light's rates.
- Short-term bonding – \$27.6 million short-term note that Belmont Light went out for in 2014.
- Temporary long-term bond premium – \$1.88 million
- Belmont Light's Operating Fund – \$5.29 million from Belmont Light's fund due to a cashflow challenge with the project during the previous year.
- The total funding for the project was \$60,873,823.

Paolillo asked whether the \$5 million was just drawn from the day-to-day operating fund. Palmer confirmed that it was and that it was used for the financing costs and things of that nature. Baghdady asked about additional funds from Eversource. Palmer and Paolillo stated that the document they were reviewing was strictly Belmont Light sources and uses and that Eversource had external funds.

Williams asked when the transfer from the Operations Fund took place. Palmer said that the draw down from Operations started in 2012, but at that time the purpose was for financing, not cashflow problems. He said that the cashflow problems began in November 2015. Williams then asked when the \$27.6 million note was issued. Makar-Limanov answered that it was issued in April 2015 and that the long-term bond for \$26.1 million was issued in April 2012. Paolillo asked whether the Town Treasurer (not present) had done this in tranches. Palmer and Makar-

Limanov answered that he had done so. The Board discussed details of bonding. Palmer said that the Town Treasurer had done a good job at locking in at a favorable bond rate.

Palmer then reviewed the uses for the project funding. The uses fall under the following categories:

- Financing costs - \$3,695,208 associated with the long-term bond. This was spent out of Belmont Light's Operating Funds over a period of four years.
- Development cost non-bondable – \$595,395 in funding carried over from the previous project that could be applied and reused, including engineering.
- Development cost bondable – \$1,293,145 spent for development costs
- Demolition and construction – \$25,441,091 for site development and the construction of the substation building.
- Transmission line – \$26,174,268
- Local distribution – approximate \$1 million. Because this part of the project is tied in with Belmont Light payroll, more than an estimate is not available.

The group discussed specifics of the project, including the transmission line route and the work that went into infrastructure for that transmission line.

The Board asked Palmer about the decommissioning and Belmont Light Master Plan. Williams asked about the decommissioning of the Concord Ave. substation. Palmer said the Concord Ave substation will come out of commission in 2022. Palmer said that a ten-year Master Plan had been prepared and that he would present it to the Board at a future meeting.

Palmer said that in all, the total amount spent by Belmont Light on the project was \$58,199,108. Referring to the provided document (below), Paolillo asked what the Eversource APA was. Palmer said that that was the amount of money that Eversource paid back. He said that the \$45,060,270 was a check for the transfer of assets.

Palmer reviewed the distribution for the payment received from Eversource. He said that after paying off the debt for the short-term taxable note of \$27,941,549, the balance of \$17,118,722 was being held in an account by the Town Treasurer. Palmer said that the balance could be broken down into the following categories:

- Short-term and long-term financing – \$3,353,660 for interest and underwriting to be transferred to Belmont Light's Operating Fund to replenish the funds that were used.
- Non-bondable development costs– \$595,395 to be transferred back to Belmont Light's Operating Fund.
- Local distribution project – \$7,197,680 to be transferred back to the 115kV Project Fund for the Distribution Project coming out of the new substation.
- Remaining invoices to be paid on the new substation – \$2,665,057 to be transferred back to the 115kV Project Fund.

Paolillo asked Palmer to clarify that all of the above figures were yet to be spent. Palmer confirmed that that was correct, although around \$1,000,000 had already been spent on the distribution project. Palmer said there was a balance of \$3,306,930 that Belmont Light was asking the Town Treasurer to hold that in the Eversource holding account. Paolillo asked whether the amount for the distribution project was solid or if it could be transferred to the decommissioning project. Palmer said that the distribution project was an estimated number at this point but that it had been borrowed and earmarked for that purpose.

The group reviewed the total cost of the project. Williams said that Town Counsel and Belmont Light counsel should review whether the long-term \$26.1 million note would have to be paid back after receiving payment from Eversource for \$45 million. He said that the total sources would be \$71 million with that calculation.

Baghdady asked what the total cost of the project was. Palmer stated that the total cost, including what Belmont contributed and what Eversource contributed was around \$92 million. He confirmed that Belmont's sources of funds were around \$60.8 million and that Eversource directly paid the remainder. The group continued to discuss the calculations for the project costs. Paolillo summarized by stating the following:

- The amount on Belmont's balance sheet is \$26.1 million at the end of the day.
- The total cost of the project was \$92 million.
- Eversource paid back \$45 million.
- That \$45 million payment retires the \$27.6 million short-term note, plus \$341,549 in debt service.
- The remainder is approximately \$17 million. Of that \$17 million, all but \$3.3 million has an earmarked use, as outlined in the document (below)
- Outside of the Belmont contributions, Eversource spent \$24 million on the project.
- Belmont has \$26.1 million in debt, with approximately \$3 million of that having not been spent. That amount aligns with the potential use of \$3.3 million for the Decommissioning Project.
- Currently in the bank, Belmont has the total of \$7.2 million, \$2.6 million, and \$3.3 million. Of that, \$2.6 million is already spent and has been invoiced

Williams asked how much will Belmont's final costs will end up being. Palmer replied that the calculation will be \$26.1 million minus the \$3.3 million remaining, for a total of \$22.8 million. Paolillo stated that once the Asset Purchase Agreement was completed, Eversource bought the transmission line plus the easement plus part of the building. He said, looking at the Town Meeting vote, the motion was for \$53.7 million for the design and construction of an electrical substation, the transmission, and distribution cables. He said he believed that distribution and decommissioning was all part of that, although the Board would need Town Counsel's opinion on the matter. The group continued to review the calculations of the project cost.

### **III. INSURANCE DISUSSION**

Paolillo asked about Belmont Light terminating the Massachusetts Interlocal Insurance Association (MIIA) as its insurance provider. Palmer responded that as a result of the completion of the new substation, Belmont Light found that MIIA did not have the capacity or resources to provide the coverages needed for the facility. As a result, he said, Belmont Light chose Public Utilities Risk Management Association (PURMA) instead and ended up with more coverage on all facilities at a lower overall cost. Baghdady asked for a one-page summary of the new coverage.

### **IV. APPROVAL OF MINUTES DATED 11/14/16, 12/7/16, 12/8/16, 12/12/16, & 12/15/16**

*Baghdady moved to approve the Light Board minutes dated November 14, 2016. Williams seconded and the motion was approved with a vote of all in favor (3-0).*

*Baghdady moved to approve the Light Board Executive Session minutes dated December 7, 2016. Williams seconded and the motion was approved with a vote of all in favor (3-0).*

*Baghdady moved to approve the Light Board minutes dated December 8, 2016. Williams seconded and the motion was approved with a vote of all in favor (3-0).*

*Baghdady moved to approve the Light Board minutes dated December 15, 2016. Williams seconded and the motion was approved with a vote of all in favor (3-0).*

The Board agreed to defer a decision on the minutes for December 12, 2016 until the next meeting.

### **V. ADJOURNMENT**

*The Board moved to adjourn at 6:43 P.M.*