



Peabody Municipal Light Plant

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PEABODY MUNICIPAL LIGHTING COMMISSION MINUTES OF REGULAR MEETING APRIL 26, 2018

A regular meeting of the Peabody Municipal Lighting Commission was called to order on Thursday, April 26, 2018 at the Peabody Municipal Light Plant, 201 Warren Street Ext., Peabody, Massachusetts at 6:30 p.m.

Present for the meeting were Commissioners William Aylward, Charles Bonfanti and Robert Wheatley; Manager Glenn Trueira, Assistant Manager Chuck Orphanos, Attorney Philip Durkin and Recording Secretary, Barbara Previte.

Chairman Aylward asked if there were any additions to the agenda and Manager Trueira stated there were none.

- Agenda Item A: Approval of Agenda:

MOTION BY COMMISSIONER WHEATLEY, SECONDED BY COMMISSIONER BONFANTI AND UNANIMOUSLY VOTED (3-0):

MOVE TO APPROVE THE AGENDA.

- Agenda Item B: Announcement:

Chairman Aylward acknowledged that this is an open meeting and informed the public that the meeting is being recorded by hand and voice recorder.

- Agenda Item C: Approval of Minutes:

MOTION BY COMMISSIONER WHEATLEY, SECONDED BY COMMISSIONER BONFANTI AND UNANIMOUSLY VOTED (3-0):

18-28 MOVE TO APPROVE THE REGULAR MEETING MINUTES OF MARCH 22, 2018.

MOTION BY COMMISSIONER WHEATLEY, SECONDED BY COMMISSIONER BONFANTI AND VOTED UNANIMOUSLY (3-0):

18-29 MOVE TO APPROVE AND NOT RELEASE THE EXECUTIVE SESSION MINUTES OF MARCH 22, 2018.

Commissioner D'Amato arrived at 6:35 p.m.



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- Agenda Item D: Appointments:

- **REMARKS OF THE GENERAL PUBLIC:**

- **2017 FINANCIALS / MELANSON HEATH** -- Chairman Aylward deferred to Manager Trueira who introduced Zachery Fentross, Audit Manager from Melanson Heath, to discuss the Peabody Municipal Light Plant financial audit for 2017. Zachery Fentross introduced himself and stated that he would like to give an overview of the Plant's financial history. He stated that the Plant is in a good financial position and has had strong operating results. Zachery suggested that the Commissioners start on page 1 and he stated it is a clean opinion, with no exceptions. The review continued to pages 4 through 6 regarding management discussions and analysis – a narrative summary. Page 7 reflects statement of net position (assets). The second number at the top shows our net receivables at \$9,296,000 which is an increase of \$3.8 million primarily because of the recently released surplus funds from MMWEC. The funds, which were held in reserve due to the size of the nuclear debt balance, became available because almost all of the debt has now been paid off. PMLP will take this money as needed over the next couple of years to support our cash reserves and net income. He spoke briefly about the AMI project and that the cost is approximately \$2.9 million as a capital expenditure. He mentioned that the unfunded portion of our Net Pension Liability is \$18.636 million which represents 51% of our overall liability. Zachery stated that most municipals fund 60-70%, as opposed to our 49%, but that PMLP follows the City's funding schedule. Zach explained the difference between Net Pension Liability funding and OPEB funding, and discussed the new GASB # 45 and GASB # 75, which are the new accounting standards that we must follow beginning this year and next with regard to accounting for OPEB. Zach moved on to page 8 to discuss revenues, which decreased \$4 million, which was due to the \$4.5 Million decrease in our overall power supply costs for 2017. Commissioner Wheatley congratulated the Engineering Division, which seems to have performed better on billing customers through the PP&FCA adjustments. Zach also noted that we earned net income of \$1.193 million in 2017 which is a very healthy return, and he noted that on page # 10, our OPEB Fund balance of \$4.5 million accounts for approximately half of our overall obligation, which is also a very healthy percentage.

Zachery then discussed the Management Letter and stated the only recommendation is the need for an improved cash reconciliation process with the City of Peabody, and that this is a carryover from last year.

MOTION BY COMMISSIONER WHEATLEY, SECONDED BY BONFANTI AND VOTED UNANIMOUSLY BY ROLL CALL (4-0):

18-30

MOVE TO ACCEPT AND APPROVE THE FINANCIALS FOR THE YEAR ENDED DECEMBER 31, 2017 SUBMITTED BY MELANSON HEATH



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- **ABBEY CAPITAL / POWER SUPPLY TRUST**—Chairman Aylward deferred to Manager Trueira to introduce Rich Rogers, Abbey Capital, who oversees our Power Supply Trust Fund. Rich Rogers stated that he recently had a meeting with Glenn Trueira, Manager; Karen Repucci, Business Manager; and Sharon Glavin, Assistant Business Manager; along with Julie Daigle, City of Peabody Treasurer, and Mary Martin, Auditor. Rich Rogers stated Peabody Municipal Light Plant has a \$19.4 million balance in the fund, which is comprised of 78% fixed assets, 14% stock and 8% in cash. He stated that interest rates are moving up which should increase the return of the fixed assets somewhat. He stated that PMLP will be using up to \$10 million to finance some of our capital cost related to the new gas turbine at Waters River Substation. However, \$12 million will mature in approximately two years, and this money will be kept liquid for this purpose. The Commission and Manager Trueira thanked him for informing the Commission.
- Agenda Item E: Correspondence

Chairman Aylward stated that the Commission received correspondence from the Peabody Veterans' Council informing them about the Memorial Day activities on Monday, May 28, 2018.

MOTION BY COMMISSIONER D'AMATO, SECONDED BY WHEATLEY AND VOTED UNANIMOUSLY (4-0):

18-31 MOVE TO ACCEPT THE CORRESPONDENCE FROM THE PEABODY VETERANS' COUNCIL INVITING THE LIGHT COMMISSIONERS TO PARTICIPATE IN THE MEMORIAL DAY ACTIVITIES.

Agenda Item F: Manager's Reports:

STATUS REPORTS:

- **LED STREETLIGHT PROJECT** – Manager Trueira deferred to Phil Rohn, Superintendent of Electric Distribution, to discuss the LED streetlight project. PMLP has completed 70% of the LED streetlight project with five months remaining. All existing street lights are scheduled to be replaced by September 30, 2018. Phil Rohn mentioned that in the Commission's agenda package is a colored map showing the areas of the City where the LED streetlight have been replaced. Phil stated that they have been working in South Peabody—particularly Lynn, County and Bartholomew Streets. Phil stated it is going along very well.
- **IPSWICH RIVER SUBSTATION** – Manager Trueira deferred to Roy Simoes, Supervising Electrical Engineer, to update the Commission on the project. Roy stated that we are getting close to beginning our earthwork at the site. Roy said that the installation of the swamp mats is approximately 98% complete. Roy mentioned that he and Brian Abcunas, Associate Electrical Engineer, will be back before the Commission for a special meeting on May 10, 2018 for the site



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construction contract. Roy stated that the Ipswich River team is engaged in discussions with contractors about the RFP, which has created addenda. The bids will be opened May 2 and then evaluated. Roy said this is the last of the large contracts for this project. The work is expected to begin mid-June. Engineering is working on RFPs for the new Waters River Panels and the testing for the overall project.

- Agenda Item G: Committee Reports:

There being none, the meeting continued.

- Agenda Item H: Award of Bids:

There being none, the meeting continued.

- Agenda Item I: General Business:

- **MELANDSON HEATH AUDITING CONTRACT EXTENSION** – Manager Trueira stated that PMLP entered a three year contract with Melanson Heath for auditing services which included an additional one year extension/option. The three year period was for audits of the 2015, 2016 and 2017 financial statements. Manager Trueira and Business Manager Karen Repucci are recommending that we exercise the one-year option. Commissioner Wheatley requested that the Manager review the previous motions for the auditors and see if the PMLC has ever voted to restrict the auditing contract to a maximum of three years, and report back to the Commission. The Manager stated that he was not aware of any such restriction in the past.
- **ANNUAL OPEB (OTHER POST-EMPLOYMENT BENEFITS) TRUST FUND CONTRIBUTION** --Manager Trueira deferred to Karen Repucci, Business Manager, to request a transfer of funds to the PMLP OPEB Liability Trust Fund. OPEB refers to benefits received by an employee when he or she retires, relating to health care and life insurance premiums. Karen explained that in 2014 the Commission accepted the provisions of MGL Chapter 32B Section 20 and voted to establish the PMLP OPEB Liability Trust Fund so that funds could be set aside to fund our long term OPEB liability, and named MMWEC as the Trustee of the fund. In 2015, PMLP made two equal payments in the amount of \$1,500,000 from the unrestricted cash account. Two more payments of \$507,066 in 2016 and \$479,701 in 2017 were made under the original 20 year OPEB Funding Schedule. The balance on the OPEB Trust Fund as of December 31, 2017 is \$4,898,759. A new funding schedule was recently submitted by our actuary based on recent conditions and Karen and the Manager have used the two schedules to come up with a recommended payment for 2018 of \$300,000.

MOTION BY COMMISSIONER WHEATLEY, SECONDED BY D'AMATO AND VOTED UNANIMOUSLY (4-0):

18-32

MOVE TO ACCEPT THE RECOMMENDATION OF STAFF FOR THE MANAGER TO TRANSFER \$300,000 FROM THE UNRESTRICTED CASH



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ACCOUNT INTO THE PMLP OPEB LIABILITY TRUST FUND.

- **STARR TECHNICAL RISK AGENCY (GT #2)** -- Manager Trueira stated that this is the settlement check for the GT #2 breaker fire insurance claim. Manager Trueira said that the total reimbursable cost of the repairs was approximately \$660,000 before deductible. The Manager commended Charles Orphanos for all of the work he did in providing information to the insurance company and his negotiations with them. In the end, we were able to negotiate and receive \$498,659 for this claim.
- **NATIONAL GRID (\$98,400)** – Manager Trueira stated that this check is for network transmission service for the month of January.

- **REMARKS OF COMMISSIONERS**

The Commissioners collectively thanked Engineering and Distribution Divisions for their hard work. Also, the Commission thanked Rich Rogers for his work with the PMLP Power Supply Trust Fund.

MOTION BY COMMISSIONER D'AMATO, SECONDED BY COMMISSIONER WHEATLEY AND UNANIMOUSLY VOTED BY ROLL CALL (4-0):

MOVE TO ENTER INTO EXECUTIVE SESSION IN ACCORDANCE WITH CHAPTER 30A, SECTION 21(a) TO DISCUSS COMPETITIVELY SENSITIVE INFORMATION AND NOT TO RETURN.

Chairman Aylward declared the Regular portion of the Meeting of April 26, 2018 adjourned at 8:00 p.m.

A TRUE RECORD

Attest: Charles Bonfante
Robert Wheatley, Secretary
Peabody Municipal Lighting Commission