



Peabody Municipal Light Plant

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PEABODY MUNICIPAL LIGHTING COMMISSION MINUTES OF REGULAR MEETING MAY 28, 2020

A regular meeting of the Peabody Municipal Lighting Commission was called to order on Thursday, May 28, 2020 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, Thomas D'Amato, Thomas Paras and Robert Wheatley; Manager Charles Orphanos, Assistant Manager Bryan Howcroft, Attorney Philip Durkin and Recording Secretary, Barbara Previte.

Chairman Wheatley requested that we take a moment of silence for the COVID 19 victims. Chairman Wheatley deferred to Manager Orphanos and asked if there were any additions to the agenda. Manager Orphanos requested that under General Business we move Information Technology / Infrastructure – BNMC Discussion and OPEB discussion -Karen's info brief, to the first items on the Manager's Report. This is to limit the number of attendees in the public meeting.

- Agenda Item A: Approval of Agenda:

MOTION BY COMMISSIONER D'AMATO, SECONDED BY COMMISSIONER AYLWARD AND UNANIMOUSLY VOTED (5-0):

MOVE TO APPROVE THE AGENDA, AS AMENDED.

- Agenda Item B: Announcement:

Chairman Wheatley 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 D'AMATO, SECONDED BY COMMISSIONER AYLWARD AND UNANIMOUSLY VOTED (5-0):

20-21 MOVE TO APPROVE THE REGULAR MEETING MINUTES OF FEBRUARY 27, 2020.

MOTION BY COMMISSIONER D'AMATO, SECONDED BY COMMISSIONER AYLWARD AND UNANIMOUSLY VOTED (5-0):

20-22 MOVE TO APPROVE AND NOT RELEASE THE EXECUTIVE SESSION MINUTES OF FEBRUARY 27, 2020.



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MOTION BY COMMISSIONER D'AMATO, SECONDED BY COMMISSIONER AYLWARD AND UNANIMOUSLY VOTED (5-0):

20-23 MOVE TO APPROVE THE BUDGET MEETING MINUTES OF JANUARY 30, 2020.

- Agenda Item D: Appointments:

There being none, the meeting continued.

- **REMARKS OF THE GENERAL PUBLIC:**

There being none, the meeting continued.

- Agenda Item E: Correspondence

There being none, the meeting continued.

- Agenda Item F: Manager's Reports:

STATUS REPORTS:

- **INFORMATION TECHNOLOGY / INFRASTRUCTURE – BNMC DISCUSSION** – Chairman Wheatley deferred to Manager Orphanos. Manager Orphanos stated that Richard Switzer, Network Administrator, is on administrative leave. Manager Orphanos said that there are four areas identified by our Information Technology Division that are critical functions to keep our IT infrastructure running smoothly. In Richard Switzer's absence, I asked Joe Anastasi, Information Technology Director, to identify these needs and discuss these areas in more detail.

Manager Orphanos deferred to Joe Anastasi who thanked the Commission for allowing him to come before the Commission with these projects. Joe explained every number of years the IT infrastructure will require mayor revamping and he has tried to squeeze everything out of the husk. Commissioner Wheatley asked how long can we keep things going? Joe responded that the life cycle is 5 to 7 years and we are past 7 years so I don't know. The first priority is to upgrade the Active Directory and Exchange servers with the 2019 version at a cost of approximately \$16,000. This is the brains of our network without it there would be no work. The second priority is to upgrade our Backup System at a cost of approximately \$22,000. This is actually the most time-sensitive project, as our ability to restore lost files and systems is severely hindered at the moment. This is what Rich was working on up until his last day in the office. This would help us to recover from a disaster recovery plan, earthquake, natural disaster, etc. by allowing us to be able to access our network. Lastly is to migrate the old Juniper Firewall to New FortiNet dual/redundant firewalls at a cost of



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\$6,000. This is a very important project for IT/PMLP. It is critical to our IT infrastructure and performance to our users to complete these projects as soon as possible. This is the traffic cop of our IT system. All the materials and equipment have been previously purchased and BNMC will be providing the expertise and labor to complete this work. Joe explained that we have used BNMC out of Lexington before and have separate proposals for this work. Joe also stated that he has identified budget cuts in 2020 to support the above projects.

MOTION BY COMMISSIONER D'AMATO, SECONDED BY COMMISSIONER AYLWARD AND UNANIMOUSLY VOTED BY ROLL CALL (5-0):

20-24 MOVE TO AUTHORIZE THE MANAGER TO APPROVE THE REQUEST BY THE INFORMATION TECHNOLOGY MANAGER, JOE ANASTASI, TO COMPLETE THREE UPDATES WITH THE IT DIVISION USING MONEY FROM THE 2020 BUDGET. THE PROJECTS ARE THE ACTIVE DIRECTORY AND EXCHANGE SERVER FOR APPROXIMATELY \$16,000; THE BACKUP SYSTEM FOR APPROXIMATELY \$22,000 AND THE NET FORTINET DUE/REDUNDANT FIREWALLS FOR AN APPROXIMATE COST OF \$6,000. A CONTRACT WITH BNMC WILL BE EXECUTED FOR THE PROJECTS MENTIONED ABOVE.

- **OPEB DISCUSSION – INFORMATION BRIEF** –Manager Orphanos deferred to Karen Repucci, Business Manager, to discuss the request for an authorization for a transfer of funds from the Reserve Trust account into the OPEB Liability Trust Fund. This transfer represents the fifth annual payment in our 20-year OPEB Funding Schedule. Due to a mandated Governmental Accounting Standards Board accounting requirement, our actuary performs annual reports with updated funding schedules. We established this in 2014 to provide for future payments of health care and other post-employment benefits to retired employees. The OPEB balance is \$5,878,964 and the net OPEB liability is \$4,827,132 which means OPEB liability is approximately 55% funded. The liability increases each year as the premiums for health care increases and retirees are living long. Sherman Actuarial Services funding schedule for 2020 calls for a contribution of \$61,254, which is budgeted. However, to reach the ultimate goal of 100% funding, PMLP is recommending a contribution of \$150,000. This amount is more than the funding schedule, so the extra contribution becomes a prepayment. This year's amount is less than the previous year's contribution of \$300,000 because of our current financial position. OPEB is a long-term obligation that fluctuates with the stock market. MMWEC is our watch dog who continually monitors the portfolio and reviews the investments to maximize returns. Karen Repucci stated that because of the COVID 19 Pandemic and concerns with using Unrestricted Cash, she is recommending a transfer from the Reserve Trust to OPEB Liability Trust (both funds are held by MMWEC) of \$150,000.



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MOTION BY COMMISSIONER AYLWARD, SECONDED BY COMMISSIONER D'AMATO AND UNANIMOUSLY VOTED BY ROLL CALL (5-0):

20-25 MOVE TO ACCEPT THE RECOMMENDATION OF STAFF FOR THE MANAGER TO TRANSFER \$150,000 FROM THE RESERVE TRUST FUND INTO THE PMLP OPEB LIABILITY TRUST FUND.

- **POWERS AND SULLIVAN FINANCIAL AUDIT 2019** – Manager Orphanos stated that the Commission was briefed on the financial audit for 2019 at the May 7 telephone briefing. Manager Orphanos stated that Mike Nelligan, Powers and Sullivan, summarized the management's discussion analysis and detailed the Plant's net position. Manager Orphanos said it was a clean audit opinion. Manager Orphanos is looking for an approval of the financial audit for 2019.

MOTION BY COMMISSIONER AYLWARD, SECONDED BY COMMISSIONER D'AMATO AND UNANIMOUSLY VOTED BY ROLL CALL (5-0):

20-26 MOVE TO ACCEPT AND APPROVE THE FINANCIALS FOR THE YEAR ENDED DECEMBER 31, 2019 SUBMITTED BY POWERS AND SULLIVAN

- **CAPITAL DEPRECIATION 4% TO 3%** -- Manager Orphanos is recommending that we reduce the capital depreciation from 4% to 3%. This decrease will eliminate \$1 million from the Administration budget and an additional \$275,000 from the Engineering/Generation budget. Manager Orphanos has looked at the numbers within the budgets and identified a 3-5% expense reduction. Manager Orphanos explained the difference between expense and capital, as capital projects are funded through the Capital Depreciation account. There was a short discussion regarding the rate stabilization fund and how that differs from the capital depreciation account. Manager Orphanos stated that we will be sending a letter to the DPU requesting the depreciation change of 4% down to 3%. No motion is needed.
- **RATIFY MOTION #20-19 REGARDING 2020 BUDGET (FEBRUARY 27, 2020)** – Manager Orphanos spoke to the Commission that he is prepared to go through the budget cuts because of the CORVID 19 pandemic. Commissioner Aylward stated that he believes the actions plans should be stricken from the budget as presented. Commissioner Aylward expressed that we need to be very careful during this time. Manager Orphanos explained that not all Action Plans are new projects, many are annually reoccurring projects related to maintenance and/or operations. He suggested a further discussion should occur in Executive Session.



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- 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:

- **DESIGNATION OF ALTERNATE REPRESENTATIVE TO THE MASSACHUSETTS MUNICIPAL UTILITY SELF INSURANCE** -- - Manager Orphanos explained that this position is generally held by the Assistant Manager. Now that Bryan Howcroft is onboard as Assistant Manager, it is time to pass the responsibility.

MOTION BY COMMISSIONER AYLWARD, SECONDED BY COMMISSIONER D'AMATO AND UNANIMOUSLY VOTED (5-0):

20-27 BE IT RESOLVED THAT, BRYAN HOWCROFT, ASSISTANT MANAGER, OF PEABODY MUNICIPAL HEREBY REPLACES CHARLES (CHUCK) ORPHANOS, AS AND IS HEREBY DESIGNATED AS, THE ALTERNATIVE VOTING REPRESENTATIVE OF THE PMLP TO THE MASSACHUSETTS MUNICIPAL UTILITY SELF-INSURANCE TRUST FUND.

- **MMWEC CHECKS (\$41,044.67 AND \$41,255.36)** – Manager Orphanos stated that both checks (February and March) are for Hydro Quebec which will be deposited in the rate stabilization fund.
- **REMARKS OF COMMISSION** – Commissioner Aylward stated that he missed his fellow commissioners the last three months during the pandemic. He is looking forward to resuming the regular meetings. We work great together as a team. The company we represent is fiscally sound.
- Commissioner D'Amato stated he misses the meetings and enjoys each other camaraderie. Thank you to the Manager, Assistant Manager and employees for making sacrifices during this crisis. PMLP is a crown jewel.
- Commissioner Bonfanti also thanks the Manager, Assistant Manager and all employees for doing a fantastic job. PMLP is the key of the entire City.
- Commissioner Paras congratulated Commissioner D'Amato on becoming a grandfather. Commissioner Paras stated please remain safe and healthy.
- Commissioner Wheatley echoed the same sentiments of the other Commissioners.



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MOTION BY COMMISSIONER D'AMATO, SECONDED BY COMMISSIONER AWYLARD AND UNANIMOUSLY VOTED (5-0):

MOVE TO ENTER INTO EXECUTIVE SESSION IN ACCORDANCE WITH CHAPTER 30A, SECTION 21(a) FOR THE PURPOSE OF CONDUCTING STRATEGY SESSIONS IN PREPARATION FOR COLLECTIVE BARGAINING AND TO DISCUSS TRADE SECRETS OR COMPETITIVELY SENSITIVE INFORMATION AND TO RETURN TO THE REGULAR MEETING OF MAY 28, 2020.

Chairman Wheatley declared the Regular portion of the Meeting of May 28, 2020 into a short adjournment at 7:50 p.m.

Chairman Wheatley returned to Regular Meeting at 9:10 p.m.

Manager Orphanos is looking for a motion to ratify motion 20-19 in the Executive Session Meeting which reads as follows:

“TO AMEND THE 2020 BUDGET AS PRESENTED AT THE JANUARY 30, 2020 BUDGET MEETING WITH THE FOLLOWING CHANGES TO ELIMINATE \$180,000 FROM THE MANAGER CONTINGENCY FUND, REMOVE TEMPORARY EMPLOYEES FROM \$85,000 TO \$65,000 AND ELIMINATE TWO OF THOSE TEMPORARY EMPLOYEES EFFECTIVE IMMEDIATELY, BUT RETAIN GLENN AND PHIL, AND INCREASE THE HEALTH INSURANCE FOR RETIRED EMPLOYEES TO THE CITY OF PEABODY BY \$35,000.”

MOTION BY COMMISSIONER D'AMATO, SECONDED BY COMMISSIONER AWYLARD AND VOTED BY ROLL CALL WITH COMMISSIONERS AWYLARD, D'AMATO, BONFANTI AND PARAS VOTING AFFIRMATIVELY AND COMMISSIONER WHEATLEY VOTING NEGATIVELY (4-1):

20-28 MOVE TO ACCEPT THE MOTION 20-19 AS WELL AS TO MONITOR THE FINANCIAL IMPACT FROM THE CORONAVIRUS AND BRING FORTH TO THE COMMISSION ANY APPROPRIATE CUTS THAT ARE WARRANTED.

MOTION BY COMMISSIONER D'AMATO, SECONDED BY COMMISSIONER AWYLARD AND UNANIMOUSLY VOTED (5-0):

MOVE TO ADJOURN OR END THE MEETING OF MAY 28, 2020.



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Chairman Wheatley declared the Regular portion of the Meeting of May 28, 2020 adjourned at 9:25 p.m.

A TRUE RECORD

Attest:

William C. Aylward, Secretary
Peabody Municipal Lighting Commission