



Peabody Municipal Light Plant

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PEABODY MUNICIPAL LIGHTING COMMISSION MINUTES OF REGULAR MEETING APRIL 22, 2021

A regular meeting of the Peabody Municipal Lighting Commission was called to order on Thursday, April 22, 2021 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 D'Amato asked if there were any additions to the agenda and Manager Orphanos stated that he would like to add under General Business Select Energy All Requirements Buyout Trust.

Chairman D'Amato requested that we take a moment of silence for the COVID 19 victims.

- Agenda Item A: Approval of Agenda:

MOTION BY COMMISSIONER AYLWARD, SECONDED BY COMMISSIONER BONFANTI AND UNANIMOUSLY VOTED (5-0):

MOVE TO APPROVE THE AGENDA, AS AMENDED

- Agenda Item B: Announcement:

Chairman D'Amato acknowledged that this is an open meeting and informed the public that the meeting is being recorded via Zoom.

- Agenda Item C: Approval of Minutes:

MOTION BY COMMISSIONER AYLWARD, SECONDED BY COMMISSIONER BONFANTI AND UNANIMOUSLY VOTED (5-0):

21-24 MOVE TO APPROVE THE SPECIAL MEETING MINUTES OF MARCH 23, 2021.

MOTION BY COMMISSIONER AYLWARD, SECONDED BY BONFANTI AND UNANIMOUSLY VOTED (5-0):

21-25 MOVE TO APPROVE AND NOT RELEASE THE EXECUTIVE SESSION MINUTES OF MARCH 23, 2021.



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MOTION BY COMMISSIONER AYLWARD, SECONDED BY COMMISSIONER BONFANTI AND UNANIMOUSLY VOTED (5-0):

21-26 MOVE TO APPROVE THE REGULAR MEETING MINUTES OF MARCH 25, 2021.

MOTION BY COMMISSIONER AYLWARD, SECONDED BY BONFANTI AND UNANIMOUSLY VOTED (5-0):

21-27 MOVE TO APPROVE AND NOT RELEASE THE EXECUTIVE SESSION MINUTES OF MARCH 25, 2021.

- Agenda Item D: Appointments:

- **REMARKS OF THE GENERAL PUBLIC:**

There being none, the meeting continued.

- Agenda Item E: Correspondence

- **CORRESPONDENCE FROM HEALING GARDEN AT BROOKSBY FARM (MARIA CHAMPIGNY, MAYOR BETTENCOURT AND COUNCILOR GOULD)** -- Chairman D'Amato asked if the Commissioners received a letter from Maria Champigny, Garden Captain, Mayor Bettencourt and Councilor Tom Gould regarding a Healing Garden at Brooksby Farm. The request is asking for Peabody Municipal Light Plant to donate \$20,000 for lighting to this garden. The Healing Garden will be for three people in the Education Department that have passed away. There was a discussion that the Commission on behalf of Peabody Municipal Light Plant do not give monetary donations. The Commission as a whole stated that they would be happy to assist with contract lights or assisting with lighting. The Commission stated that they needed more detail on the project and what is needed. The Commission would like to see the plan and actual costs. More information is needed to understand the design. The Commission suggested that Chairman D'Amato reach out to Councilor Gould to find out more details. The Commission took the correspondence under advisement and will reevaluate after more information is received.

- Agenda Item F: Manager's Reports:

STATUS REPORTS:

- **POWERS & SULLIVAN – 2020 FINANCIALS (MICHAEL NELLIGAN)** – Manager Orphanos introduced Michael Nelligan, Partner from Powers & Sullivan, who is responsible for the audit and will discuss the 2020 audit results. Mike stated that the inventory was conducted on January 7, 2021 and 30 items were reviewed. He stated the warehouse is in good shape. It is the best it has been in the last three years. There were no audit adjustments. Mike then went through the pages of the financials – pages 1, 2 and 3 are the audit opinion



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whereby it states we are not auditing the City of Peabody. Pages 5 through 7 is the Management discussions. Page 6 is the Operating Income where it compares 2019 (\$419,360) to 2020 (\$1,170,521) and Operating Revenue 2019 as \$55,470,213 and 2020 \$51,990,355 with a difference of approximate 6.3%. Mike directed the Commission to look at page 12 Operating Expenses 2019 \$55,889,573 and 2020 \$53,160,876 with total operating revenue of 51.9 Million vs. 55.4 Million in 2019. He talked about the depreciation expense being changed from 4% to 3%. Mike talked about a positive cash flow. He also explained retained earnings and approximately \$27.6 million in unrestricted cash. Mike said the Peabody Municipal Light Plant is very healthy \$51.8 million in cash and investments. Questions arose about Select Energy Trust from Commissioner Wheatley and Manager Orphanos stated that this is on the agenda and will be discussed later. Commissioner Wheatley continued with the questions specific to the Select Energy Trust. Manager Orphanos informed Mike Nelligan that he will answer Commissioner Wheatley's questions now and then return to reviewing the financials. Manager Orphanos stated that the Trust fund is called the Select Energy All Requirements Buyout Trust. He stated that Select Energy Trust was a failed venture that PMLP entered into around the late nineties. Select Energy Trust was going to lose money so they developed a buy-out of the project.

The discussion was then redirected to Mike Nelligan. He discussed the Balance Sheet on page 11 with \$51.8 million in cash and investments; \$9 million in receivables. He discussed the prepayment of the 2015A project. He spoke about the bond flush and capital assets. On Page 13 he discussed cash flow of \$2.8 million; \$1 million in bond flush, the PILOT, \$3.2 capital assets with a net gain of \$604,000. He spoke about the OPEC Trust Fund. On Page 18 the depreciation changed from 4% to 3%. Accounts receivables are on page 23, and \$314,000 generating profits from investment. Notes 8 and 9 were provided by MMWEC regarding Berkshire Wind and other MMWEC project. Notes 10 and 11 refer to the Pension Plan and OPEB. Page 48 is the schedule of the plants' assets. Mike stated it was a very clean audit. Commissioner Wheatley asked if they counted the petty cash and he affirmed that they did.

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

21-28 MOVE TO ACCEPT AND APPROVE THE FINANCIALS FOR THE YEAR ENDED DECEMBER 31, 2020 SUBMITTED BY POWERS & SULLIVAN.

The Commission collectively thanked Mike Nelligan who thanked Karen Repucci and Sharon Glavin for their work.

- **OPEB – KAREN REPUCCI** – Manager Orphanos introduced Karen Repucci, Business Manager, to discuss the OPEB Trust Fund. Karen explained that OPEB stands for Other Post Employee



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Benefits received by an employee when they begin retirement including health care and life insurance premiums.

Karen gave more history of the OPEB when the Commission established the fund in November 2014. As of June 30, 2020, Audited OPEB balance is \$6,284,620 and the net OPEB liability is \$10,202,865 which means the OPEB liability is approximately 62% funded. Sherman Actuarial provides the funding schedule for 2021 which is \$170,517. However, to reach the goal of 100% funding, PMLP is recommending a contribution of \$225,000. As of March 31, 2021, the OPEB Liability Trust Fund balance is \$7,510,106.

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

21-29 MOVE TO ACCEPT THE RECOMMENDATION OF STAFF AND RECOMMEND THAT THE PMLC AUTHORIZE THE MANAGER TO TRANSFER \$225,000 FROM THE RESERVE TRUST ACCOUNT INTO THE PMLP OPEB LIABILITY TRUST FUND.

- **SENIOR ELECTRICAL ENGINEER** – Manager Orphanos stated that last month the Commission had the GIS Utility Network Model platform presented by Brian Abcunas, Associate Electrical Engineer, and Billy Guerrero, Junior Electrical Engineer. Manager Orphanos stated that Billy has been with PMLP for four years and is a highly valued employee with a wealth of knowledge. Manager Orphanos believes before the restructuring of the organization is completed, it is his intention to promote Billy Guerrero to Senior Electrical Engineer. The Commission agreed with the promotion.
- Agenda Item G: Committee Reports:
 - **POLICY COMMITTEE – FILL-IN PAY** – Commissioner Aylward stated that he is not in favor of fill-in pay but will work with the Commission on whether there should be a policy or procedure regarding “fill-in pay”. Commissioner Aylward deferred to Commissioner Paras who has worked on this. A discussion among the Commission occurred regarding the pros and cons of this. The Commission want to eliminate fill-in pay entirely for the exempt employees.

MOTION BY COMMISSIONER PARAS, SECONDED BY AYLWARD AND VOTED BY ROLL CALL WITH COMMISSIONERS WHEATLEY, AYLWARD, PARAS VOTING AFFIRMATIVELY AND BONFANTI AND D’AMATO VOTING NEGATIVELY (3-2):

21-30 MOVE TO ELIMINATE FILL-IN PAY ALL TOGETHER FOR EXEMPT EMPLOYEES.

There was a discussion on when this would be implemented, but it was not mentioned in the motion. The Commission stated effective immediately.



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- **BUILDING COMMITTEE** – Commissioner Paras said the fencing has been removed, and the dumpster is gone. Next week the Air curtain, heater between automatic doors, are to be installed. This part turns on/off the heater as customers walk in/out of the automatic doors. We are pretty close to being done. We are still closed to the public for April and May. Manager Orphanos stated we will most likely open for business by appointment only in June and open to public around August.
- Agenda Item H: Award of Bids:
There were none; the meeting continued.
- Agenda Item I, General Business:
 - **SELECT ENERGY ALL REQUIREMENTS BUYOUT TRUST** – Manager Orphanos explained the Select Energy deal was to purchase power, but the market changed and the Trust was going to lose money over the life of the deal, therefore they bought-out the contract from the participants. At present, the balance of the Trust is \$5.1 million which is being held by MMWEC, that is owed to Peabody. Peabody is the only participant that hasn't withdrawn the money and MMWEC is requesting that we remove the funds so they can dissolve the bank account. This is a restricted fund for power supply purchases. Manager Orphanos is suggesting that we move \$3 million to use as a capital contribution on the 2020A Solar Project and the remaining \$2.1 million to the working capital account to help with power supply costs. There was a discussion with the Commission relative to if a motion is needed for this. Attorney Durkin stated that because it is power supply no motion is necessary.
 - **NATIONAL GRID CHECK (\$25,129.87)** –Manager Orphanos stated that this is the monthly transmission for February which will be deposited in the rate stabilization fund.
 - **REMARKS OF COMMISSION –**
Commission Aylward thanked Karen Repucci and Sharon Glavin on a nice job on the financials and assisting with the audit.
Commission Bonfanti and Commission Paras agreed with Commissioner Aylward in echoing his sentiments regarding Karen Repucci and Sharon Glavin on the financials.
Commissioner D'Amato wanted to talk about the "garden" at Brooksby Farm. Commissioner D'Amato stated that he would reach out to the Mayor and Councilor Gould to say that PMLC needs more information about the project.
Commissioner Paras suggested the Commission begin advertising for a new manager. Chairman D'Amato said he will schedule a meeting of the Commission as a whole to discuss the managers search.

MOTION BY COMMISSIONER AYLWARD, SECONDED BY COMMISSIONER BONFANTI AND UNANIMOUSLY VOTED (5-0):



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MOVE TO ENTER INTO EXECUTIVE SESSION IN ACCORDANCE WITH CHAPTER 30A,
SECTION 21(a) FOR THE PURPOSE OF CONDUCTING A COMPETITIVELY SENSITIVE
INFORMATION AND NOT TO RETURN TO PUBLIC SESSION

Chairman D'Amato declared the Regular portion of the Meeting of April 22, 2021
adjourned at 7:50 p.m.

A TRUE RECORD

Attest: Charles W Bonfanti
Charles W. Bonfanti, Secretary
Peabody Municipal Lighting Commission