

**MINUTES OF THE
MUNICIPAL LIGHT BOARD MEETING
MAY 8, 2018**

PURSUANT TO notice given, the Merrimac Municipal Light Board (“Board”) met in the Municipal Light Department’s (“MLD” or “Department”) Administration Building, 10 W Main Street, at 3:30 PM.

PRESENT

Those present included Chairwoman Paula Hamel, Vice Chair Larry Fisher, and Secretary Norman Denault, MLD’s General Manager Francisco Frias and Office Manager Julie Hart. Also in attendance, for a period of the meeting was Brian Jamros from Bartholomew & Company.

MEETING START

A Motion was made and accepted to bring the meeting to order at 3:32 PM.

APPROVAL OF MINUTES

Commissioners voted 3-0 to accept the April 10, 2018 Board Meeting Minutes as written.

GENERAL MANAGER’S ITEMS

March 2018 Financial Information:

General Manager (“Manager”) asked the Board if there were any questions regarding the financial information for the month of March 2018. The Department saw a total Net Loss in income of (\$23,442). The year-to-date Net Income is \$6,454. Included in the Financial Information portion of the Board package was the Comparative Operating Statement for the previous year and the current year. Also enclosed was the spreadsheet for March’s ending balances.

Ferriter & Ferriter LLC Trust Review:

Board discussed the Self-insurance Trust Fund and the Certificate of Vote documents prepared by John Ferriter from Ferriter & Ferriter LLC to help the Department manage investments of some funds including the Depreciation and Rate Stabilization funds. In a conference call with John Ferriter, he discussed both documents written by his company and the legality of these documents. The Manager had shared the documents with the Town’s Administrator Carol McLeod and she forwarded them to the Town’s counsel. They did not believe the MLD had the authority or legal grounds to create this trust; however, according to Mr. Ferriter, MGL Ch. 164 Sec. 56 gives the MLD’s Manager and the Board the full charge of the operation of the plant and the keeping of accounts. The MLD can create a trust account with that broad authority. Also, the Peabody case from the 1960’s says the MLDs have full control over their finances and the more recent Middleborough case says the town and the MLD are separate entities. Therefore, the MLD may create a self-insurance trust and invest the trust. Most Municipal Light Plants in Massachusetts have accounts through MMWEC or ENE that are rate stabilization funds or some other type of “rainy day” fund.

John Ferriter will contact the Town's counsel to discuss the difference in opinions. If everything goes as planned, the next step for the Board will be to sign the Self-Insurance Trust Fund and to vote to adopt the Trust Fund making the Manager the Trustee. Once this is completed the Manager will send the new trust information to LPL Financial so the Light Department can continue using the Prudent Investor Rule for investment instead of the Legal List. The Department will also inform Bartholomew of this to make sure they can start investing using the Prudent Investor Rule instead of the Legal List.

Bartholomew Depreciation Fund Review:

Brian Jamros from Bartholomew & Company, Inc. ("Bartholomew") came to this meeting to discuss the Department's Investment performance for the portion of the Depreciation funds they manage. Brian explained that based on how this account is set up and under Massachusetts General Law, Depreciation accounts for Municipalities can only use the Legal List when choosing investments. The Department is presently investing in moderate to conservative accounts within the Legal List and since inception, it has seen a -1.87% loss. With OPEB funds, Massachusetts allows municipalities to take greater risks choosing from the Prudent Investor Rule. Brian will wait to hear from Manager as to the Department's next move regarding whether or not legal grounds can be found to invest using the Prudent Investor Rule.

Battery Storage Presentation:

The battery storage presentation has been postponed until a later date.

Tangent Generator Project Update:

Manager reports that Shell Corporation has amended the Department's current power contract to allow Tangent to produce power whenever they want without affecting the Department. Also noted is that the Interconnection Agreement with Tangent will not be signed until Tangent installs the necessary equipment that connects to the MLD's distribution reclosers, which will prevent back-feeding of energy into National Grid territory. Tangent is expected to start the installation tomorrow. Both Tangent and the MLD have installed revenue-grade meters and so far both are reading the same.

Distribution Reliability Quarterly Report:

Manager presented the Reliability Report for the 1st Quarter of Calendar Year 2018, which shows the number of outages sustained, how many customers were affected during each outage, and how long the outages lasted. During the 1st Quarter, there were six outages, three of which were caused by weather issues, one was caused by an animal, and two caused by equipment failure. The entire Town experienced a 36-hour outage during the March 8th storm, but this is not part of the Reliability Report since the restoration of the supply lines coming into town needed to be fixed by National Grid, not the Department. Last year, during the same period, the Department had eight outages. The MLD's SAIDI for the 1st Quarter was 186.5 minutes compared to 9 minutes for the last five-year 1st Quarter average. The SAIFI was 1.04 and CAIDI was 180 minutes. The Reliability Report helps the Department see what areas of Town need attention.

Other Items:

National Grid Meeting:

The managers from area Light Departments are meeting with National Grid on May 21st to discuss the last big outage in March and their response. The Manager will be attending and will give the Board an update at the next board meeting.

Transformer Failure:

Errol Parachojuk from 2 Lanes 10 Acres has asked the Light Department to pay for the \$500 insurance deductible after he filed a claim with his insurance company for damages to some of his appliances caused by a faulty transformer. Manager believes the transformer was damaged during one of the many winter storms in March. We have forwarded the request to our insurance company.

Fire Department LED Sign:

Merrimac’s Fire Chief Ralph Spencer has asked the MLD to waive the fees associated with the electrical connection of the new LED sign in front of the Fire Department. Commissioner Fisher recused himself and left the room as he is a member of the Fire Department. The cost incurred by the MLD related to this job was \$318.00. Board voted 2-0-1 to waive the cost incurred by the Department.

MLD Board Officials Reorganization:

A motion was made and seconded to nominate Larry Fisher as the new Board’s Chairman. Norman Denault will become Vice Chair and Paula Hamel the secretary.

Meeting Adjourned at 5:24 PM.

Chairman

Vice Chair

Secretary