

**MINUTES OF THE
MUNICIPAL LIGHT BOARD MEETING
September 17, 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 Chairman Larry Fisher, Vice Chair Norman Denault, and Secretary Paula Hamel, MLD’s General Manager Francisco Frias and Office Manager Tara Aniello.

MEETING START

A motion was made and accepted to bring the meeting to order at 3:37 PM.

APPROVAL OF MINUTES

Commissioners voted 3-0 to accept the August 14, 2018 Board Meeting Minutes as written.

APPROVAL OF EXECUTIVE MINUTES

Commissioners voted 3-0 to accept the Executive Minutes from negotiation meetings on March 28th, April 10th, April 11th, April 25th, and May 2nd, 2018.

GENERAL MANAGER’S ITEMS

Line Superintendent Objectives Update:

Line Superintendent Ken Buzzell came in to give the Board a progress update on the objectives (Attached with the Minutes) he was given for the year. Ken has completed a new safety audit sheet in order to perform periodic unannounced crew safety audits out in the field. He recently attended a Microsoft Excel Training class in order to improve computer skills. Ken and the General Manager (“Manager”) also attended an OSHA 7500 Safety and Health Management class. He continues to work on Staff development and coaching, as well as on the day to day operations which is an ongoing objective. Ken worked with the Manager on the Fiscal Year 2019 Capital Plan and has identified a number of ways to reduce operating expenses. He helped in securing the Haverhill Streetlight maintenance account and continues to make sure the Union Contract is being followed by the staff. Ken is delegating daily assignments to the Crew Leader and using a portion of his time to stay ahead looking at future jobs and taking care of some of the job orders created at the office. He assists the crews when necessary, especially on larger jobs. When asked about how he feels on the new role of Line Superintendent, Ken said that he is adjusting to it but enjoying it at the same time.

July 2018 Financial Information:

The Manager asked the Board if there were any questions regarding the financial information for the month of July 2018. The Department saw a total Net Income of \$6,281.00, compared to a forecasted

loss of (\$18,557). This was a result of higher sales and less than expected expenses during the month of July. 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 July's ending balances.

Depreciation Fund - Bartholomew Presentation:

Brian Jamros and Kathleen Glowacki, from Bartholomew, came in to give the Board an update on the recent portfolio change consisting of moving from using the Legal List to the Prudent Investor Rule list. After the Department obtained a legal opinion and established a Self-Insurance Trust Fund, Bartholomew was instructed to invest the portion of the Depreciation fund they manage, using the Prudent Investor Rule. Mr. Jamros informed the Board that the investments are being transferred at a slow pace to make sure the Department doesn't have any losses in the process. Currently, about 50% of the funds have been transferred and the remaining will be transferred by the end of the year.

Mr. Jamros and Ms. Glowacki were asked what should be the expected returns once the fund is fully established, and also questions on possible market corrections. He indicated that the portfolio should get between 5.5% and 6%, based on the existing risk category. He also said that there are mechanisms in place in the portfolio to avoid major exposure to a market crash. Discussed briefly was the OPEB fund position. Both documents provided to the Board for this discussion are attached to the Minutes.

Consumer Deposit Fund Update:

The Consumer Deposit interest account was recently going into the negative because the Department was paying out to customers more than what the bank account was making off on interests. In order to regain the money back and have it continue to grow, \$70,000 was put into a 60-month CD with an interest rate of 3.25% at the Newburyport Bank. This bank provided a good rate plus the opportunity to do the transaction electronically.

Generator Performance Update:

The generator has been successfully used to catch the transmission peaks in June, July, and August. Tangent was able to catch the capacity in August as well. The Manager provided an analysis with graphs showing the impact of the solar and the generator during the days the transmission peak occurred for those three months. The MLD gets a 10% reduction off the transmission and capacity peak captured by Tangent. The energy being produced by the generator will also provide a financial benefit to the Department which is calculated at the end of the year. Commissioner Fisher asked if the Department has seen an invoice from Tangent yet and the Manager responded that the June Transmission peak invoice was received already. With the MLD revenue meter installed at the site, the Manager is also tracking what the generator is producing to verify the invoices being received from Tangent are accurate and also to invoice them for the energy they take from the system when the generator is on standby. The fourth component of the generator project is the Price-Responsive Demand ("PRD") Program with ISO New England which works similar to a demand response program. By allowing this program, Merrimac also has to allow other companies to reach out to larger customers to try to get them into a demand response program, but this would not be an issue because commercial customers in Merrimac are very small compared to other municipalities.

Insertor Machine Replacement Options:

The inserting machine the Department is using came from Town Hall years ago because they were getting rid of it. It is at least 10 to 15 years old and it has been giving issues lately. The Manager has

been in contact with two of the major inserting machine vendors to get quotes on different options. Both Pitney Bowes and Neopost were asked to submit estimates for their machines. Based on Massachusetts OFF39 State Contract numbers, a new inserting machine would cost between \$9,000 and \$11,000. That cost does not include annual maintenance, which is free for the first year and about \$1,100 for the following 4 years. Currently, the MLD is paying \$2,200 to \$2,500 per year for maintenance of the old Pitney Bowes inserter. On the federal contract, the purchase price is lower, but the maintenance price is higher and it doesn't make sense to go that route. Buying the machine would be more cost-effective than leasing or leasing to own. Pitney Bowes would charge \$10,605 to purchase the machine and \$14,829 with maintenance included for the first 5 years. Neopost would charge \$8,032 to purchase the machine and \$12,736 with maintenance for the first 5 years. The Manager informed the Board that he hasn't made a decision yet since he is still holding discussions with both companies regarding the machines and the prices. The Board agrees that moving forward with the purchase of a new machine is the proper course of action. The Manager, once he completes his analysis, will make a determination as to what unit the Department should be purchasing.

General Manager's Contract Negotiations:

The Board reviewed the General Manager's evaluation form he put together (attached with Minutes) for future use by the Board and made a motion to accept the form for evaluation purposes moving forward was made and accepted. Each commissioner will evaluate the Manager's performance using the form. The Board informed the General Manager that it is interested in renewing a 3-year contract at the end of the existing contract. The Manager informed the Board that he is open to discussions about a new 3-year contract term. The Board decided to have an Executive Session meeting on October 15th at 3:30 PM to start contract negotiations with the Manager. The Board regular meeting will be held on October 9th at 3:30 PM.

Other Items:

NEPPA Conference:

Norman Denault was recently given an award at the NEPPA conference recognizing his 22 years of service as a commissioner of the Light Department. The Board wanted to congratulate Norman on his achievement.

Building Update:

The Manager mentioned to the Board that in recent conversations with Commissioner Denault, they both agreed that the Light Department could be using the building space more effectively if there were some changes made to the layout. They thought it was a good idea to ask the rest of the commissioners their opinion. The Manager and the Board agreed that the best course of action would be to have an architect come in and try to develop a way that we could use the space we have more efficiently. The Manager will keep the Board updated on this progress.

Hourly Pay for Helpers:

The Manager asked the Board for feedback regarding what the hourly wage for occasional office helpers should be considering that the Department now has more experienced helpers available such as recently retired employees. A couple of years ago the Union did not want any occasional helpers to be paid more than the permanent staff, but they recently informed the Manager that they wouldn't be opposed to the Department paying helpers more than what the permanent employees are getting. There are people that may come in that have more experience than the existing staff. In these instances, it

was discussed whether they should be making more money if they have the experience and are doing more work. Having senior volunteers come in to help through programs was an option too. The Manager will make the determination of how much a helper should be paid based on experience and work being performed. The Manager did inform the Board that the Office Manager and the new Clerk are doing a great job covering the office without any issues and if a helper is needed it would be on the rare occasion of being short-staffed during a high work volume period.

The meeting was adjourned at 5:54 PM.

Chairman

Vice Chair

Secretary