

**STERLING MUNICIPAL LIGHT DEPARTMENT
MEETING MINUTES**

Regular Session

Monday, December 27, 2010

BOARD MEMBERS: Matthew Stelmach, Chairman
Michael Rivers, Clerk
George Pape, Third Member

SMLD STAFF: Sean Hamilton – Manager

MINUTES: Michael Rivers-Clerk

CUSTOMERS: Richard Maki, Sterling, MA

Chairman Matthew Stelmach (Stelmach) opens the meeting at 6:07 p.m. Roll Call attendance, Rivers aye, Pape aye, Stelmach aye.

APPROVAL OF THE AGENDA

Michael Rivers (Rivers) makes a motion to approve the Monday, December 27, 2010 agenda with the addition of one item (town web site) requested by George Pape (Pape), Pape seconds the motion. Role call: Rivers aye, Stelmach aye, Pape aye. Unanimously approved by the Board.

APPROVAL OF MINUTES

Stelmach asks to wait on approving December 21, 2010 minutes until he can review later. Rivers makes a motion to approve the Wednesday, November 17, 2010 regular Session Meeting Minutes with several minor corrections. Seconded by Stelmach. Role Call vote: Rivers aye, Stelmach aye, Pape abstains due to not being on Board at time of meeting. The Board decides to take a brief recess before going into later Executive Session to review other set of minutes.

REVIEW OF WARRANT ITEMS

The Board discusses items on current payment Warrant. Stelmach asks about vehicle repair invoices totaling over \$3,400 from Bib's Auto. Sean Hamilton (Hamilton) explains invoices and need for repairs. Stelmach asks about Digger derrick rental from Global Rental. Hamilton explains the lease/rental has a \$23k buyout. Previous manager bought the 2004 truck last year (2009) as/is without any warranty with about 30k miles on it for \$85k. The monthly payment is \$7000, with \$2500 per month going towards the rent, and \$4500 going towards paying down the purchase. The truck has had consistent problems, and currently has hydraulic control problems. Rivers asks about whether there was a formal sealed bid when the truck was purchased. Hamilton says there was, but it was very vague-little detail. Hamilton has been in touch with Global and Altec to discuss our options, he is still negotiating.

Stelmach asks about bottled water invoices. Hamilton says that he is looking into plumbing a sink in Operations center (garage) to avoid cost of bottled water.

Utility Services, Inc. is consulting for NERC compliance, we are opting out, won't be needed in future.

WB Mason. Hamilton says we have inconsistent printers/copiers with various toners & cartridges at high cost. He is looking to streamline along with IT equipment.

Zee Medical- Company that fills first aid medical boxes. Need to review requirements with an eye to prune costs.

City State Computer Services, Inc-We will be ending long term consulting arrangement for billing system. Hamilton has negotiated reductions in final invoices. Rivers asks about invoices for off-site consultation meetings.

Bank charges passed on by Town for wire transfers-being reviewed and reduced.

FINANCIALS

Hamilton reviews financial statements through October. Christine Arsenault is on vacation, so Sean can't answer all questions. Hamilton notes that Accounts Receivables are up considerably. Rivers notes he is happy to see Rate Stabilization Fund is being built back up after being down to \$1k. Cost of power is down over last year, but starting to climb up again. Natural gas prices are still relatively low. Rivers asks about status of FEMA payment mentioned at last meeting. No update yet on check or written confirmation of extension of time for system repairs. Rivers asks if we can get a future update on usage trends for municipal (town) usage. Hamilton says he intends to provide a budget to town for planning purposes. Hamilton expects a check from Berkshire Wind this week for \$439k to reimburse us for interest payments we have been making toward the project until the bond financing was completed. Hamilton wants to put funds in working capital. Rivers asks how we are treating reimbursement from an accounting standpoint. Hamilton says it is a power expense. Stelmach asks about November power peak seems to be exact duplication of previous year. Hamilton will look into whether it is a typographical error.

OLD BUSINESS

Mueller Systems-Nothing yet. Still waiting for answers on fundamental questions about what we purchased and terms of purchase. Pape asks about where Mueller is located. Rivers says he wishes Sandy Pellecchia was present, because he hoped to ask her questions about Mueller. Rivers notes he was surprised to find out at previous meeting that we didn't order enough meters and equipment to supply our customer base. Hamilton says he was also surprised to find the oversight. Rivers says from reading the grant application that it appears that Ms. Pellecchia was the project manager, and that seemed to be confirmed by comments by the Mueller project manager to Hamilton that he had never spoken to John Kilgo. Hamilton notes that Mueller is an established, national company and he doesn't understand why questions can't be answered about SMLD's purchase. Stelmach notes concern that Mueller has used SMLD as their primary reference utility in their AMI marketing brochures for more than a year, even before we had started installing their system. Stelmach is concerned that specific SMLD employees (Greg DeStasi, Sandy Pellecchia, John Kilgo, etc) are quoted as endorsing how wonderful the Mueller System is long before the equipment was ever installed or working. Rivers questions what the total equipment charge will be. Hamilton says that we need to finish the system and have some spare units. He has cut the recommended number of spares in half, and we still have to spend another \$31k+ just to build out the system. Rivers is concerned that even with this additional expenditure, we still won't have any spare system node modules. Rivers raises the issue that he found in reading the grant application that we still don't understand our obligations related to the approximately \$25k per year that we will be committed to for "system monitoring". Rivers asks whether the Board should meet with Mueller to resolve outstanding issues. Stelmach says that at least one Board member should be involved when the Manager meets with them, and if need be, the full Board.

COMMUNITY ACCESS TELEVISION (SLCTV)

Stelmach says we need to read a statement similar to what the Select Board reads at the beginning of each meeting to state that there is only one official video recording. Stelmach asks if the previous meeting has been sent to SLCTV for replay. Rivers says there were some issues coordinating and copying the previous meeting, but that it will be resolved this week and played on Channel 10. Rivers mentions the possibility of hosting a lower resolution copy of the meeting video on our own web site for those people in town who don't get Comcast. There was agreement that we would work to put a copy of the DVD's at the Sterling library.

RECORDING OF MEETING MINUTES

Hamilton says he is waiting to hear from transcriptionist. Rivers asks if there is anyone in the dept who has no conflict who could do a rough draft until someone from outside can be found. Rivers notes it takes at least 2 to 3 hours to do a rough draft. Further discussion of minutes.

OPERATING BUDGET

Hamilton goes through initial rough draft of Fiscal 2011 Operating Budget. Hamilton reaffirms that this budget had to be completely created, as there was not an SMLD budget previously. Hamilton is looking to have a meeting with business owners in town this month. Hamilton would like to replace several heat storage units in SMLD buildings to save energy. Hamilton is looking to subcontract the process of mailing the customer bills to save money. Pape asks about working with water department to consolidate costs. Hamilton says we've had preliminary talks that look promising, the meters should work with the AMI smart meter system. Hamilton discusses status of getting new billing system. Rivers expresses his strong preference for going with a known entity and product given the bad experience the department has had with having City State develop a custom software package. Stelmach notes that some of the proposed software packages are nearing \$70k. Hamilton notes that because we now have an AMI smart meter system, we can't use many of the "off the shelf" software packages, so our cost for the new billing system will be higher. Hamilton notes that we should have a backup server. Rivers notes that he had a quick discussion with the town's IT person, and we should consider having a backup at the Butterick building or some other facility other than the SMLD office. One problem is the lack of fiber or other data link between the town buildings. Rivers also notes that the town is looking to purchase a GIS mapping software system for all town departments, we should be involved in the discussion. Stelmach concurs. Rivers says the town has the data, but not a software program to run it. Hamilton says we will be doing a few other minor building upgrades to improve energy efficiency, including programmable meters and fixing some doors. The Chocksett substation needs some repairs/replacement of some of the recloser cable feeds, we will do 1 per year at about \$20k. Vehicle maintenance has been a major expense lately, we need to take some off the road, and consider replacing some. Pape asks why we plow our own snow. Hamilton says we need to keep substation open and have timely access to facilities. Stelmach notes that was reviewed last year. Pape asks about whether F-350 will have a dump body, answer yes. Hamilton not sure we need 2 trucks with plows. Pape notes that the bucket trucks are quite old. The van is being removed from service. Rivers asks if any of the vehicles we are considering replacing are among those taken home each night by employees. Hamilton says no. Rivers asks whether truck we just repaired is among those being replaced, answer yes. Rivers notes that we have spent \$15k in maintenance on just one regular pickup truck in 2 years, \$13k on another. We have spent \$21k on repairs on the older spare digger derrick and it is still not in serviceable condition. Rivers asks about whether the underground utilities replacement including Foxfire estates is in the Capital budget. Hamilton says it is included in the Engineering project estimates for 2011. Rivers asks whether we have a ballpark price for "cable cure" repair of underground cables. Hamilton notes that he can't find the prices he had developed in 1994. Rivers notes that for full disclosure, two Board members live in one of the neighborhoods that need the underground cables replaced. Rivers asks if there are any other neighborhoods that need upgrades of underground cables. Hamilton says we need to check Elliott Road, Pikes Hill, part of Osgood, and some others need to be investigated, including transformers. Stelmach asks about how capacitors are controlled now, Hamilton says they are time controlled. Streetlights list needs to be updated. Hamilton will be working up cost to change out to LED streetlights. Rivers asks whether the Board is going to put a cap on the Capital Budget because we don't know the full pricing of many of the pending projects. Rivers believes we should put a hold on some capital money for some of the projects that we know need to be completed.

Rivers asks what the net change to the number of SMLD vehicles will be if we approve the proposed capital budget. Hamilton says we will reduce by 3 vehicles. Discussion of various budget categories. Rivers notes there is a quarter million dollar reduction in payroll, not including benefits. Hamilton says our MMWEC costs are increasing by about \$20k due to new software programs and improvements they are adding, and that is our pro-rated share. Hamilton notes that tree trimming costs will change because we plan to phase out the tree crew over time and make them into linemen. We need to formalize the maintenance agreement for the town's generators. We are switching from Nextel to Verizon for cell service to save money. We need to pay to dispose of transformers that were taken out of service on

Justice Hill Road. Hamilton says he can't find records that meters at substation have been tested, which is required every year. There will be a new cost for this. Postage will be reduced because of sending out the billing rather than doing it in-house. Stelmach asks if we can get mailers inserted, Hamilton says it will be a penny apiece. Rivers asks if we will be selling the \$23k Formex that the former manager bought last year. Pape asks what a Formex is. Rivers notes that it is a folder/inserter designed to process 60,000 to 100,000 mail pieces per month, even though we only mail 3,700 pieces per month. Hamilton says that he talked to the Water Dept, but that they just bought a folder the previous week. Rivers asks about Peachtree Accounting modules. Hamilton will check. American Express Card line item, Stelmach notes that they should not be used for personal expenses as they had been in the past, as it caused difficulties. It is agreed that line item will be removed and listed under the actual expense categories. Rivers expresses that while grateful that the amount for office supplies has been reduced, he still believes it is out of line for an organization of this size. Stelmach says "No more school supplies". Pape asks about whether SMLD employees pay the same 15% portion of their health insurance that other town employees pay. Hamilton says he believes it is 20% and we are obligated to match. Rivers ask if Hamilton is positive we have to match, because the SMLD in the past has made the repeated point that we are separate from the town, but we may be picking and choosing. Rivers notes that the SMLD offers tuition reimbursement at substantial cost to the dept, which the town does not offer all employees. Legal expenses will drop. Network and IT services will drop. Insurance prices are still being worked on to reduce costs.

Rivers says he is ok with waiting until next meeting to approve budget, as long as we continue with the understanding that the Board will approve any unusual expenditures. The Board commends Hamilton for his good work on the first budget.

APPROVAL OF ALTERNATE VOTING MEMBER FOR MMWEC & "ALL REQUIREMENTS" MMWEC MEMBERSHIP, & NET METERING POLICY

Hamilton discusses the need to approve the primary and alternate voting member of MMWEC, and a primary and alternate voting member of the New York

Hamilton explains the "All Requirements" Program at MMWEC, which can allow us access to more competitive power purchases. This will also reduce the number of electronic bank transfers needed, which are currently costing us about \$3k per year.

Rivers makes a motion to make Sean Hamilton the SMLD voting representative for MMWEC and Matthew Stelmach the alternate voting member. Pape seconds, Roll Call Vote Rivers aye, Pape aye, Stelmach aye. Motion passes unanimously.

Rivers makes a motion to designate Sean Hamilton the voting member of the New York Power Authority and Matthew Stelmach the alternate. Pape seconds. Roll Call Vote Rivers aye, Pape aye, Stelmach aye. Motion passes unanimously.

Rivers makes a motion for the SMLD to join the MMWEC All Requirements Power Sales Agreement. Pape seconds. Roll Call Vote Rivers aye, Pape aye, Stelmach aye. Motion passes unanimously. The Board signs the standard agreement.

Rivers notes that the agreement for the New York Power Authority must be signed by the Manager, and the previous motion was in error.

Rivers makes a motion to void the Board vote to join the MMWEC All Requirements and replace it with a motion to empower the Manager to sign the Agreement. Pape seconds. Roll Call Vote Rivers aye, Pape aye, Stelmach aye. Motion passes unanimously.

NEW BUSINESS **DISCUSSION OF TOWN PURCHASE OF BUILDINGS / LAND**

Stelmach notes that the Town is looking at purchasing a property in town that may have a Light Dept lien for unpaid bills. Stelmach is not sure if the town will expect the SMLD to automatically waive the unpaid bill. Rivers thinks it may be premature to discuss. Stelmach says he was unaware that we had a lien of that size, asks if it is common. Hamilton says it is not that uncommon. It is decided to wait for future action from town.

BERKSHIRE WIND

Hamilton notes that Berkshire Wind may be on line by early February, and that we own 5.25% of the rights of the project. Rivers asks for clarification as to whether we own part of the property itself, or just a percentage of the rights to the power produced. Hamilton says it is rights to power. It is noted that Princeton's 2 new windmills are exceeding expectation. Hamilton says that the wind maps can't be relied on, and any prospective windmill site must be actually tested. Rivers ask what we are doing with the reimbursement funds we are going to receive this week. Hamilton says he'd like to add it to working capital. Stelmach notes that Greg DeStasi (previous Interim Manager) was concerned that the Working Capital Account was dangerously low. Rivers notes his concern over the low balance in the Depreciation (Capital) account for larger capital projects. Rivers asks for an update at our next meeting on what rate of return we can get from MMWEC on funds invested with them, as we are receiving zero interest and paying fees for funds left on deposit with the town. Agreed to wait on deciding where to place Berkshire reimbursement.

TOWN WEB SITE

Pape notes that the town web site still shows an opening for a Board member. Stelmach notes that the town web site is confusing because it lists our minutes, but only has the minutes of the Manager Search Sub-Committee, but does not include our Board minutes. It is agreed to ask the town to remove the Search Subcommittee minutes, and only list them on our site. Rivers recommends having the town just add a link to our web page for minutes. Rivers notes that the Search Sub-Committee did a good job with their minutes with the one exception of the fact that they never approved the minutes of their very last meeting. Hamilton says he will call the town to resolve the issues.

TREASURER / FUNDS INVESTMENT

Rivers notes that the Town Treasurer would be willing to come to a Board meeting to explain and review the town policies regarding investment of funds and to discuss the Boards goals in that respect. Rivers says that the Finance and Capital Committees are currently reviewing the investment policies and has some draft changes. It is agreed to add to a future agenda in a month or so.

MANAGER REVIEW / VOTE OF CONFIDENCE

Rivers notes that the Managers Offer of Employment calls for an annual review and vote of confidence that must be conducted at the beginning of each year, and while he just started, we should get in the habit of the mechanics of the process. We should schedule for February.

CUSTOMER COMMENTS

Customer Dick Maki asks about board's position on retirement liability. Hamilton notes that we only have two employees eligible for retirement at this time. We have conducted GASBY retirement study. Hamilton is still reviewing, believes there is \$289k listed for liability but still needs further review. Rivers notes that we just found this week that there were apparently retirement changes made recently and no one in town was aware.

Maki also asks about how stipend for Board members will be paid between George Pape and Arthur Coughlin. Stelmach notes it is paid twice per year, and assumes it will be pro-rated.

NEXT BOARD MEETING

Next Regular Meeting will be on January 25th, 2011 at 7:00pm.

Stelmach calls for a short recess at 8:19 PM. Stelmach resumes regular session at 8:32 PM. Pape makes a motion to approve and post the minutes of December 21, 2010. Rivers seconds, Rivers aye, Stelmach aye, Pape aye. Motion approved.

Rivers makes a motion to enter into Executive Session, to return to open session only to adjourn for the purposes of conducting strategy sessions in preparation for negotiations with non-union personnel, and to discuss competitively sensitive proprietary information. Pape seconds motion. Roll Call vote, Rivers aye, Pape aye, Stelmach aye. Board enters into Executive Session at 8:34 pm.

MOTION TO ADJOURN

Stelmach asks for a motion for the Light Board to adjourn the meeting. Pape makes the motion and Rivers seconds it. Unanimously approved by the Board. The meeting adjourns at 9:12 p.m.

DOCUMENTS DISCUSSED OR REFERENCED IN MEETING:

1. Financial Reports (Income Statement, Balance Sheet) presented by Sean Hamilton
2. Draft Budget prepared by Sean Hamilton

Signed


Michael Rivers, Light Board Clerk 01/26/11