

**SELECTMEN'S MEETING
UPSTAIRS MEETING ROOM
1 AVENUE A, TURNERS FALLS, MA
MONDAY, January 30, 2017**

Meeting was opened at 7:00 PM in the Upstairs Meeting Room. Present were Selectpersons Chris Boutwell, Michael Nelson (arrives at 7:08 PM), Rich Kuklewicz, Town Administrator Steven Ellis, and Executive Assistant Wendy Bogusz. Kuklewicz makes introduction and announces meeting is being taped.

Approve Selectmen minutes of January 9 and 23, 2017

Boutwell has not seen minutes of January 9th yet, will wait for Michael to vote.

*Boutwell makes the motion to approve the minutes of January 23, 2017. Seconded by Kuklewicz, approved.
Boutwell - Aye, Kuklewicz - Aye.*

Public Comment Period: Individuals will be limited to two (2) minutes each and the Board of Selectmen will strictly adhere to time allotted for public comment

None.

Personnel Board and DPW Superintendent

**Status Change Form: Craig Gaudry, DPW Heavy Equipment Operator, Old: Grade B, Step 9, \$19.95/hr;
New: Grade C, Step 7, \$20.62/hr, effective 1/30/17**

*Boutwell makes the motion to authorize Craig Gaudry, DPW Heavy Equipment Operator to Grade C, Step 7,
\$20.62/hr effective 1/30/17. Seconded by Kuklewicz, approved. Boutwell - Aye. Kuklewicz - Aye.*

Ellis: Because Craig had been working out of grade, we needed to make certain that we stayed in step with the union contract and also with the practicalities of someone who, when they're working a portion of their hours out of grade, has a slightly different rate as a result. And so this reflects the next available grade based on his average effective rate with that differential over the last six months. So we came to agreement and it fits perfectly.

Bergeron: In the union contract, he's only supposed to go up one step, but that wasn't really appropriate. Craig has been with the Town for 10 years now. Craig has worked for the town 15 years now.

Andrew Bernstein and Everett Tatelbaum, Kearsarge Energy

Project Updates: Sandy Lane, Landfill Solar Project

Bernstein: We've been working with the Town for quite a while on the solar project. We came tonight, besides an update, to talk about two opportunities. One is net-metered credit purchase opportunity, so you can buy credit from the project and have more savings, as opposed to selling them to other towns; and the other opportunity is just to start working on the tax agreement as we outlined as part of it so we keep ahead of the whole process. We've now got basically 45-megawatts solar projects in Massachusetts. We're one of the larger players, we own our projects, we stay with them for the life of the projects. This project, we believe we can get it in under the Solar Renewable Energy Credit II Program. We signed a contract with the construction company before January to lock it into the program. Under that program, the first deadline was that it had to be completed by January 8th. The seconded deadline was that it had be completed by May 8th, which would certainly be tight with this given that all of the issues have been with our friends at Eversource and trying to give us the interconnection and some of the challenges there, but we've heard tomorrow the Department of Energy Resources is going to extend the SREC II Program probably for completion at the end of the year. So it's still going to be tight. We don't know the exact date, but we're working on that. The project being proposed for Montague is six megawatts?

Tatelbaum: just a quick update on the budget itself. We've been working closely with Walter on coordinating the design to incorporate the FRTA property, as well as the DPW facility in the future. We've worked through a couple of iterations, and we're close to the final sort of permitting level design. We're working with Tighe & Bond to put together the actual civil plan that will be submitted through the Town process, through the Planning Board, and also through the State DEP for the landfill permit. So that's progressing, and it is in process and should be submitted next month. We already have a deal for a majority of the power with West Springfield. They're already a customer of Kearsarge and they're buying power from another project, and they wanted to get more, so they're going to go ahead and get a portion of this project, and the remainder is what's available. That's part of the discussion tonight

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for Montague and we're also working through the steps, working on the lease, which will be the major document for the revenue source for the town, for the property.

Bernstein: We propose the exact same price structure and the exact same power purchase agreement as we do with West Springfield. Of course, counsel would want to review it, but we've done over 24 power purchase agreements with municipal authorities throughout the state - schools, towns, municipal light departments. So we have a pretty standard power purchase agreement that I don't think is controversial at all. The way it normally works with most of our towns is that we do it off a discount off the net meter rate. So in this example, the current net meter rate is 9.5 cents, and we wouldn't have any floor. So what that means is the town is guaranteed savings. So if the net meter rate goes up to 14, you get 15% of 14. If it goes down to 6, you still get 15% of this. Historically it's been going up around 2 1/2 to 3 percent over the last 10 or 11 years. With power prices sort of being bottomed out right now, unless there's a new nuclear facility or something like that, we don't see that it'll go down significantly more than between the maybe 7 1/2 to 9 1/2-cent range is really the floor. It's pretty common under MGL 30B, there's no RFP required, which you probably know when the Town buys energy. The way we structure it is that you don't want to buy so much that you could buy more than you ever need and you'd be under water, but in this case the town is spending approximately \$300,000 on electricity annually, and could provide about \$150,000 of net-metered credits, and you'd still be able to do more fuel-efficient programs, there's plenty of room there. We would sign a 20-year power purchase agreement as we've done with most other off-takers, and that would save the town \$563,000. Under the net meter program, you'd never be out cash. You'd get a credit on your bill, and then we would bill you for the portion. So you'd get a credit on your bill for 100%, you would be keeping 15%, and we would bill you for 85% on the structure. So if the facility produced 10,000 kilowatt hours in a month, and the net meter price was 9 1/2 cents, it would be \$10,000 times 9.5 cents, you'd keep 15% of it and we'd bill you for 85%. So from a cash flow perspective, you'd always have the credit before you pay us. There's no down side, there's no floor price, so basically it's guaranteed savings. The Town would never be out any capital.

Ellis: And I know that Bob McDonald had been trying to explore opportunities for this kind of connection, working with some other developers previously. I was not aware of the arrangement with West Springfield when we first met. Is that a new development?

Ramsey: No. We don't even have the capacity to purchase, if we wanted to purchase all the energy.

Ellis: But we're looking at about 50% of our energy? You said that we consuming about 300,000 a year?

Bernstein: Fifty percent of your credits. Because you have to look at it in a dollar-credit. We could potentially give you more, it's fine with us, but we're just trying to give you more for energy savings. It's to our benefit if you want to purchase more. It's whatever you'd like to do.

Ramsey: Steve and I met with Carolyn and she was briefed on the power purchase structure, and she's comfortable with it.

Bernstein: There are two concerns, one is that we get this project permitted so we can basically get into the cap for net metering. There's a lot of projects out in the Eversource west area, so we want to do that, and that's what we're pushing to do as quickly as possible. To get into that, you have to have a signed interconnection service agreement, which we have with Eversource, and you have to have the permits done. That's why we're pushing and working with Walter so closely to get that done. We think that will happen, we don't think that it's going to get filled up, but there certainly are a lot of projects. We're ahead of the curve. It's taken us 14 months to get this far with Eversource, which I can tell you with National Grid would be a third of the time. We have a very good relationship with the team at Eversource. Our project in Gill has been completed since the end of December and we won't be hooked onto the grid until June, so we're just sitting there for six months.

Ellis: I think one of the questions that I had is at what point is it appropriate to take action and make a formal commitment to such a plan; is there a typical point in your project cycle that you look to that from the Selectboard?

Bernstein: Yeah, we like to get the net metered agreement done sooner because we've already signed it, that helps us to close all the financing. We've already got committed debt from local banks, People's Bank, Cambridge

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Savings Bank are the liens on that one, so that's all set, but to get the hardest piece on these projects is the tax equity, it's selling the tax credits.

Kuklewicz: But one guess is how much net credit do we want to buy or do we expect to conserve 50% of energy over the period of - what is technology going to do?

Ramsey: Fifty percent is very safe. We reduced 20% in the last five years. Deeper savings is going to be possible, but the cheap stuff has been done.

Ellis: And I think our new power plant process, assuming the Montague process is in place, may be more energy-intensive.

Ramsey: So I think it's a great opportunity. A lot of towns are purchasing renewable energy credits. So we're not re-inventing the wheel here. We're doing something that's a comfortable practice amongst many towns.

Kuklewicz: I saw that there was a mention of the school district in there. Is that something that we talk to the school -

Ramsey: I tried a couple of times. I don't think they pursued it.

Kuklewicz: Are you looking at a public partnership?

Bernstein: Because of the DOER rules, we have to have all public offtakers for this project. For us, from a financial perspective, the best solution would be all public affordable housing as an offtaker, but there are two categories for offtakers. There's public and private. Within those, there are also other categories. We try to be conservative and we assume it's going to be public. There's a fair amount of demand in this Eversource area for these projects, because there just aren't a lot of projects because Eversource is so difficult to work with. If this were National Grid, Western Central Mass, there's not very many towns that don't have net metered power purchase agreement

Boutwell: I'm wondering if 50% is enough to buy, or should we go 60%.

Kuklewicz: I know that we have done some energy conservation programs. In many of the buildings, much of the lighting is newer, it's not LED level, and there is some significant savings there. I would imagine in a few years we'll be moving in that direction. So that lowers our demand.

Ramsey: This will have to come back to the Board for final approval anyway, so we can look at a couple of different scenarios for purchasing options and make a recommendation.

Elan: One of the popular conservation strategies right now is to switch thermal heating and cooling from sources such as oil, propane, and gas to electric powered heat pumps. So on that level, there could be some conservation or net-zero building strategies in our future.

Bernstein: Most towns will take 80 to 90%. But if you've already done 20% savings without any bologna involved, it is pretty impressive. I can tell you most towns we've seen have been 5 to 10%

Kuklewicz: There may be some other opportunities too. Have you been in contact with Ross at the Tech School? Maybe we could do that because they were looking to do a project up there.

Singleton: You say 50% and most towns say 80 to 90%. Of what? Electricity?

Bernstein: You have to translate it into dollars. Basically if the town were using 100,000 right now, you could take 100,000 kilowatt hours worth of credit as long as the numbers work. So you're using \$300,000 of electricity. You could offset this with up to 300,000 of electricity, but that would be a little bit risky for the town. So we could give you 150,000, could give you 180,000 in credits. So you're offsetting what your load is and using the credits.

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Kuklewicz: One of the ways to look at this is that basically we're buying power generation, this doesn't have anything to do with its distribution piece of our bill, at 15% less than the utility offers it for at their standard net metered rate.

Ellis: And when you decide this, the level of your current purchasing that you're going to purchase through the net meter credit program, you're making a commitment to purchase that much energy for 20 years. So if there are significant decreases in your demand use, then you could get upside-down on it. Which is why you want to pick that comfortable middle figure. Like 50% is super-safe, I think. A hundred is quite risky.

Kuklewicz: Like Chris said, 60% to 70% might be - especially with the wastewater process we have in town. They're having to do more pumping and recirculation, but the net of that is that there's no sludge leaving the town, which saves us huge money.

Ellis: But we won't know now whether that process is going to be running next year.

Ramsey: Of course they already have a commitment with West Springfield, and so it's a matter of what's available to purchase.

Bernstein: We could certainly go higher than 50%. But one thing to remember with this program, the way it's set up in the state is that you're actually getting dollar credits. So you could actually buy your electricity from a competitive supplier and lower your price, but you're getting a dollar credit on your bill. So instead of buying the generation piece from Eversource, you could buy it from Con Edison or whomever else is supplying it. But you'll still be able to use the full credit because it just shows up on your Eversource bill.

Bernstein: The last item from Kearsage is the tax agreement and just starting that process. We've done tax agreements in 18 other communities across the state. It's a fairly standard agreement. We basically present what our cost to build this project will be, we're at the state that we're getting a pretty good sense of what it's going to cost to build it, and we put together a tax agreement for the personal property taxes and the real estate taxes. And we spoke about this with Walter and Steve, there are some different flavors to do it. Some towns prefer that if the number were going to be, make up a number \$10,000 a year, going up by 2% each year for 20 years, some towns would rather, from our perspective, frontload it, so they can raise their tax rate on the business and the commercial side. We've done that with Franklin, for example. So if we say, simple numbers, \$10,000 times 20, that would be \$200,000, they'd rather sees \$60,000 the first year, then \$50,000, then going down to \$5,000, whatever it may be. So there are different ways to do it. For us, we're neutral to it because we'll just do it at present value. We'll come up with what the number is going to be. We'll say, "Okay, what's best for you?" For us, we like to do these because for financing, once again we have a steady, predictable what it's going to be for 20 years. These facilities depreciate very rapidly. Under Federal IRS laws, we depreciate them within five years. So we can do it whichever way is going to be best for the town, estimated on where the project costs are. What we've done with other towns and the size, it's going to be somewhere between \$650,000 and \$950,000 of revenue to the town over 20 years. And we'll share with you what we paid other towns. We can show you what the other towns have done. The costs have come down basically 'cause the panels have come down as well. And it works best in a town where you're building a project on town land because it's much easier to put things together.

Boutwell: You realize we have a split tax rate in Montague?

Bernstein: Yes. We have to take into consideration both. What's the appraised value, and then put it into one agreement. With the Massachusetts Department of Revenue, you can't just come up with a number in the area and say, "It's \$10,000 per megawatt." We have to show what the cost structure is, we have a standard agreement, and they'd have to be both parts put together.

Kuklewicz: I would think we'd roll the assessors into the discussion, and then come back for kind of a final - I'm not sure with this long a term - maybe a town meeting review or vote. But one of the questions I had, I think I remember earlier in the presentation, after the lease is up in 20 years, you guys return the site to us, you remove all

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the equipment and the site's returned essentially, unless we decide to extend, re-up, put new panels in or whatever we might do for that.

Bernstein: We're responsible, in most towns we put together with the landowner or with the town a decommissioning reserve, so we'll get an estimate from an engineering firm, say in 20 years it's going to cost us x amount of money to remove it, and then we'll either put up a letter of credit which is the easiest things for us to do with the bank who finances it, so the money is there. Certainly in the first ten years, we have bank financing, so if we were to ever disappear, the bank steps in, so there's no concerns there. But the concern the town has, hey, year 14, if you go away, just disappear or something, we're left for paying for that. So you have to have access to that money, so we put that there.

Ramsey: I spoke with the Assessor today about this, and she's in agreement that a tax agreement is the way to go. So she eagerly awaits the conversation.

Bernstein: The one question is, under your bylaws, do you need Town Meeting approval for the tax agreement? Can the Board of Assessors and the Board of Selectmen sign it?

Ramsey: That's a question that we were looking into, and it didn't get an answer before this meeting.

Walter Ramsey, Town Planner

Authorize expenditure of up to \$12,000 from ATM 5/7/11 Article 24 to establish boundary survey and consolidate 6 municipal parcels (14-161; 20-27; 21-06) in a manner that advances planning for the Turnpike Road Industrial Area, and subsequently to submit that survey to the Planning Board for endorsement
Boutwell makes the motion to authorize expenditure of up to \$12,000 from ATM 5/7/11 Article 24 to establish boundary survey and consolidate 6 municipal parcels (14-161; 20-27; 13-68; 21-24; 21-07; 21-06) in a manner that advances planning for the Turnpike Road Industrial Area, and to submit that survey to the Planning Board for endorsement. Seconded by Nelson, approved unanimously. Boutwell - Aye, Nelson - Aye, Kuklewicz - Aye.

Approve minutes of January 9, 2017

Nelson makes the motion to approve the minutes of January 9, 2017. Seconded by Kuklewicz, approved. Nelson - Aye, Kuklewicz - Aye, Boutwell - Abstain.

Town Administrator's Report

Execute Population Estimates for Seasonal Licenses in 2017 with ABCC

Nelson makes the motion to send the required correspondence to the Alcohol Beverage Control Commission indicating our population as of July 10th, 2017, to be 8,437 people. Kuklewicz seconded, approved. Nelson - Aye, Kuklewicz - Aye, Boutwell - Abstain.

Request from TOMEA for approval to merge members with the NAGE/IBPO organization effective May 1, 2017

Ellis: As you may know, TOMEA was formed as sort of an unaffiliated union making use of the representation of Bob Dixon. He is in the process of winding down as he approaches retirement, and so they view it as a suitable time to formalize their representation, and so they are taking steps to do that. But at this point, it's simply an advisement. There's no particular concern on the part of labor counsel or my office relative to this change. It's just an appropriate time. At this point in time, we don't need an action. Once we receive a formal filing form, certainly we'll want to just offer the fact that we'll be accepting it without contest.

Riff's mention in "ONLYINYOURSTATE"

Ellis: There's a website called ONLYINYOURSTATE.com, and we received notice from one of our local businesses, Riff's North, that their sandwich was noted on a list of ten Massachusetts sandwiches you have to try before you die. Obviously I think this is exciting for their business, but it's also exciting for Turners Falls. I think it speaks to the quality of the eateries that we have in the place. There were sandwiches from Ipswich and Wellesley and all other parts of the state, so it's not a hyper-local list. There was one typographical error in their listing where

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they attribute Riff's North to Northampton, but they have our correct address, and also have street scenes from the avenue. So it helps put us on the map that much more.

Nelson makes a motion to send a note to Riff congratulating them on their nomination. Boutwell seconded, unanimously approved. Nelson - Aye, Kuklewicz - Aye, Boutwell - Aye.

Location of March 2, 2017 Town Meeting

Ellis: We've been trying to work things through. We weren't sure of the availability of Turners Falls High School for the Special Town Meeting on March 2nd. We learned just this afternoon that that is feasible, but we would need to start the meeting 30 minutes later than normal, at 7:00 PM instead of 6:30. I think all things being equal, the logistics of trying to do it somewhere else and the inability to have it broadcast live, would make that problematic. So we'd like to have the meeting begin at 7:00 PM on March 2nd.

Topics not anticipated in the 48 hour posting requirements.

None.

Executive Session under G.L. c 30A, Section 21 (a)(3) to discuss potential litigation regarding Penta Corporation. Votes may be taken

Kuklewicz declares holding in open session will be detrimental to the public good.

Nelson makes a motion to enter Executive Session under G.L. c 30A, Section 21 (a)(3) to discuss potential litigation regarding the Penta Corporation. Votes may be taken. We will also vote upon Executive Session minutes from January 5, 2017 meeting relative to the Strategy litigation concerning the Railroad Salvage Building at 11 Power Street in Turners Falls, both executive session and open session, pursuant to G.L. c. 30A, Section 21 (a)(2) expected. Votes may be taken. We will leave Executive Session only to return back to the regular meeting to release the results of the votes regarding the minutes. Boutwell seconded, unanimously approved. Nelson - Aye, Boutwell - Aye, Kuklewicz - Aye.

List of Documents and Exhibits:

- Selectmen minutes of January 9 and 23, 2017
- Status Change Form: Craig Gaudry, DPW Heavy Equipment Operator, Old: Grade B, Step 9, \$19.95/hr; New: Grade C, Step 7, \$20.62/hr, effective 1/30/17
- Andrew Bernstein and Everett Tatelbaum, Kearsarge Energy, Sandy Lane Landfill Solar Project
- Initial Offer from Kearsarge Energy to sell solar net metering credits to the Town of Montague for the Sandy Lane Landfill Solar Project
- Request to Authorize expenditure of up to \$12,000 from ATM 5/7/11 Article 24 to establish boundary survey and consolidate 6 municipal parcels (14-161; 20-27; 13-68; 21-24; 21-07; 21-06) in a manner that advances planning for the Turnpike Road Industrial Area
- Execute Population Estimates for Seasonal Licenses in 2017 with ABCC
- Request from TOMEA for approval to merge members with the NAGE/IBPO organization effective May 1, 2017
- Riff's mention in "ONLYINYOURSTATE"
- Executive Session Minutes from 1/5/17 meeting Relative to Strategy litigation concerning Railroad Salvage Building, 11 Power Street, Turners Falls;