

KENNEBUNK LIGHT & POWER DISTRICT  
COUNTY OF YORK  
STATE OF MAINE

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BOARD OF TRUSTEES MEETING MINUTES

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KENNEBUNK LIGHT & POWER DISTRICT  
4 FACTORY PASTURE LANE  
KENNEBUNK, ME 04043  
TUESDAY, JANUARY 31, 2017  
6:00 p.m.

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BOARD MEMBERS:

PRESIDENT: JONATHAN KILBOURN - (PRESENT)

VICE-PRESIDENT: WAYNE E. BERRY - (PRESENT)

GENERAL MANAGER/TREASURER: TODD SHEA - (PRESENT)

CLERK: ROBERT EMMONS - (PRESENT)

TRUSTEE: DAVID CLUFF - (VIA TELEPHONE)

TRUSTEE: DAN BARTILUCCI - (PRESENT)

ALSO PRESENT:

Adam Cote, Esq., Drummond Woodsum

Joanna Tourangeau, Esq., Drummond Woodsum

Jerry Crouter, Esq., Drummond Woodsum

Bill Kahn, Kennebunk

Nancy Campbell-Jones, Kennebunk

Anthony Grant, Jr., Kennebunk

ALSO PRESENT (continued):

Beverly Freudenreich, Kennebunk

Peter Ashley, Cape Neddick

Albert Kolff, Kennebunk

Craig MacDonald, Kennebunk

John Polletto, Kennebunk

Kathy Polletto, Kennebunk

Donna Teague, Kennebunk

Sean Teague, Kennebunk

Brent Frederico, Kennebunk

Patricia Hughes, Kennebunk

Matthew Rancourt, Business Manager

Kathleen DeMarre, Recording Secretary

TRANSCRIPT OF PROCEEDINGS

THE VERBATIM PORTION OF THIS MEETING is supplied to you on the condition that receipt thereof will certify the accuracy of the spoken word but not that of the speakers.

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THE VERBATIM PORTION OF THIS MEETING is the only official transcript which may be relied upon for purposes of verbatim citation of the proceedings.

Whereupon, President Kilbourn called the meeting to order at 6:00 p.m.

Whereupon, Item II, Approval of Agenda, occurred.

(Thereupon, Vice-President Berry entered the meeting at 6:03 p.m.)

Whereupon, Item III, Executive Session Pursuant to 1 MRSA 405.6 (e) for Legal Advice from the District's Attorney on Conflicts of Interest, occurred. Clerk Emmons made the motion to move into Executive Session. It was seconded by Vice-President Berry.

Whereupon, Unanimous ayes were heard. A brief discussion then ensued in regard to the participation of Trustee Cluff within Executive Session. The Board reminded those present that the items to be discussed within the Executive Sessions are not related to the dam issue.

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#### EXECUTIVE SESSION

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Whereupon, Item IV, Executive Session Pursuant to 1 MRSA 405.6 (E) for Legal advice from the District's Attorney Regarding Solar PPA, Occurred. Vice-President Berry made the motion. It was seconded by Clerk Emmons.

Whereupon, with unanimous ayes heard, the Board moved directly into Executive Session.

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#### Executive Session

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Whereupon, Executive Session concluded at 7:15 p.m.

Whereupon, Vice-President Berry made the motion to move Item VII, Board Discussion of Future Role of Drummond Woodsum, Facilitation, and Input to DW on Facilitation Process, to be heard at this time. The motion was seconded by Clerk Emmons.

Whereupon, with unanimous ayes heard, the Board moved directly into discussing Item VII. General Manager Shea took the floor advising those present that upon the expressed concerns of Board members at the January 17, 2017 meeting in regard to direct reference of any organization that may or may not have proposals on the table, he advised that there are no proposals currently on the table of KLPD. General Manager Shea stated that the non-jurisdictional filing also arose as a concern. Based on addressing the critical path items that the Board of KLPD was faced with, the Board of KLPD made the decision to cease generation and surrender the license. As part of that decision, non jurisdiction was eliminated as was license exemption.

General Manager Shea also feels that another issue that needs to be addressed and brought forward to the Board of Trustees and the Facilitators is the idea that the Board of Selectmen proposed in which a public workshop meeting would be held to enable input on "both sides of the issue." General Manager Shea is requesting a line of demarkation in regard to associated legal fees and if the Board of Trustees is interested in participating in such a meeting in conjunction with the Facilitators.

President Kilbourn addressed those present. He felt that the joint meeting of January 17, 2017 went well and the presentations to the Board of Selectmen should be helpful in permitting the Board of Selectmen to get up to speed on the issue. As feedback to the Facilitators, President Kilbourn did not expect that the Facilitators would enter into the realm of suggestions and recommendations. He thought it was to be more of a facilitation process. Although he was disappointed, he felt that the boards were not in a deliberative mode and legitimate ideas did come to the surface.

For the future, President Kilbourn hopes that conversations can occur between both boards. He felt that the boards were not physically arranged in a way that board-to-board conversations could occur. He felt that the Board of Trustees were unable to answer questions that the Board of Selectmen might have had that were not necessarily specific to the Wright-Pierce report itself or the exact process that the Board of Trustees have been through.

President Kilbourn then added that he is of the opinion that there might be more constructive ways to maintain communication going forward and that the KLPD Board of Trustees have opened the door to pursue an open and collaborative deliberation with the Town of Kennebunk, while hoping that options or proposals arise in which KLPD can better fulfill its responsibilities to be responsive to the concerns of the Town and the District's ratepayers.

Vice-President Berry then discussed scheduling issues and information gathering. He feels that if questions are asked which are in the direct purview of KLPD to answer, neither the Board of Selectmen or the Facilitators should be trying to answer those questions on behalf of KLPD. He feels that clear lines of responsibility should be reviewed. He mentioned to the Facilitators consensus agreements, the Notice of Intent, and local ordinances and what impact that could have on KLPD.

President Kilbourn suggested that a separate meeting occur to discuss this further with the District's legal counsel. General Manager Shea agreed and added that the Drummond Woodsum firm are acting as facilitators for the Town and the District, and he suggests that legal opinions be directed to the District's legal counsel on this matter. General Manager Shea then discussed the topics that the District's attorney, Todd Griset from Preti Flaherty, would discuss, which would include the Notice of Intent. Counsel's availability was discussed. General Manager Shea discussed the agenda items that would occur at that meeting. He would like to defer the request for the release of the non-jurisdiction legal opinion, the pathway, and legal advice in regard to the regulatory process, and interaction with the Town. It has been recommended that an Executive Session occur with a followup Open Session occurring thereafter.

Vice-President Berry does not want everyone working separately and he continues to be concerned about the timeline that the District is faced with. General Manager Shea stated that the District cannot lose sight of the timeline and he hopes that a meeting can occur next Tuesday,

February 7, 2017. President Kilbourn added that perhaps Item VII should be deferred until after the meeting relative to facilitation and communication between the boards to ensure that the Board of Trustees are clear on the pathways.

Vice-President Berry discussed pathways and wants all legal counsel in the loop. General Manager Shea and Vice-President Berry then discussed further the roles of a facilitator and that of legal counsel.

General Manager Shea added that he feels that the Town of Kennebunk Board of Selectmen and the KLPD Board of Trustees ought to have an Executive Session to discuss options that the Board of Selectmen might not want to hear in public. He stated that this should not be construed as a way to circumvent the public process, but a means to afford the boards the ability to discuss legal matters. General Manager Shea feels that if Attorney Cote and Attorney Tourangeau are to remain as facilitators for the boards, they should be present in meetings, but as KLPD is the license holder, discussions with KLPD's legal counsel should occur in regard to other options that might be available. After full vetting of those options occur, and if the Board of Trustees so choose, the Board of Selectmen would be notified of information extrapolated from such meetings. Attorney Cote and Attorney Tourangeau could then facilitate a meeting that would discuss any new option.

General Manager Shea discussed the various sides of the argument. He discussed the possibility of undue burdens that could face the Town and that he would like to see issues flushed out amongst the boards. General Manager Shea discussed the impressions he has received from the Board of Trustees in regard to ceasing generation and surrender of the license.

General Manager Shea discussed a question in regard to the intent of the meeting; whether it will be to permit the Board of Selectmen the ability to hear the pros and cons of removing the dams, or if it will be to hear why the members of the Town of Kennebunk want the Town to get involved. He stated that the meeting of February 8, 2017 has been slated as a workshop, and feels that a definitive answer to that question would be helpful. General Manager Shea feels he has a good understanding of the arguments being brought forward by all sides, he understands the basic foundations of the arguments and posed to the Board of Trustees do they want to participate in such a meeting with the Board of Selectmen and how should the Facilitators facilitate such a meeting.

After further Board discussion, Ms. Tourangeau took the floor to thank the Board for their feedback. She feels that forthright feedback is essential to enable proper navigation through this issue. She discussed privilege issues, transparency, and the complexity of the legal process involved with this matter.

Ms. Tourangeau discussed the framework for the proposed workshop meeting and how input from the Board of Trustees is essential in creating that framework. She also agrees that at some point in time an Executive Session between the two boards, after discussion has occurred with each boards' legal counsel, should occur. Representation was then discussed by Ms. Tourangeau, in which she feels that both boards need to understand that anything told to the facilitators is public.

Mr. Cote added that both Ms. Tourangeau and himself have fielded telephone calls and e-mails from the public. They have not responded to the calls and e-mails as they are not

permitted to have sidebar conversations or discussions. They have to guard the process very carefully. He discussed the process further, the role of facilitator, and end goals.

Ms. Tourangeau added that there are a plethora of moving pieces and parts; interested entities, new possible options, et cetera. Vice-President Berry added that there are an infinite number of variables, with President Kilbourn remarking that General Manager Shea needs to be comfortable, along with the Board of Trustees, that the key issues that the Board of Trustees feel need to be addressed are addressed. He discussed KLPD's legal counsel and their role. General Manager Shea then discussed the impacts on the Board of Trustees and their requirement of representation to all ratepayers.

Vice-President Berry asked the Board if they would like to move forward with a joint meeting with the Board of Selectmen and what expectations would then be put upon General Manager Shea during a joint meeting. General Manager Shea stated that he would like direction from the Board of Trustees. President Kilbourn feels that it could be constructive if General Manager Shea were to attend Board of Selectmen meetings and Town Manager Pardue attend Board of Trustee meetings. He would like to see any joint meeting facilitated more tightly. Trustee Bartilucci would like to see a workshop setting occur in which both boards can discuss the issues. Ms. Tourangeau suggested that it could be productive if the Board of Trustees, after meeting with Attorney Grisot, were willing to present that information to the Board of Selectmen. President Kilbourn suggested to get the Board of Selectmen up to speed and then have them offer proposals as to directions and alternatives.

After continued dialogue in regard to this matter, Vice-President Berry reiterated his questions, does this board want to have a joint meeting with the Board of Selectmen on February 8, 2017 and does the Board of Trustees want General Manager Shea to participate at that meeting if the Board of Trustees elect not to participate; is there a benefit for General Manager Shea to attend the meeting as all the information is already available for public consumption. President Kilbourn feels that it would be beneficial to have him attend. General Manager Shea then discussed the license, license transfer, third-party interest, surrender of license, and other items that arose during the joint meeting of January 17, 2017. The tone of the January 17th and January 24th meetings were then discussed and the undercurrent of interest in regard to the continuation of generation. The RFP was then discussed, in which Ms. Freudenreich asked when the RFP occurred, in which General Manager Shea stated that it occurred prior to his coming on board. It was sent out to 13 firms.

After continued discussion, Vice-President Berry asked if this board would be convening and attending the February 8, 2017 meeting. Vice-President Berry's view is not to attend, Trustee Bartilucci feels the Board should attend, President Kilbourn feels that it is premature, and Clerk Emmons does not want to attend. The conversation continued in which General Manager Shea's attendance was discussed. General Manager Shea discussed the differences in responsibilities facing each board, the reasons for the decision to cease generation made by the Board of Trustees, the community impacts facing the Town of Kennebunk, and the different charges facing each entity. He discussed the Public Utilities Commission, the rate base, and other issues. Ms. Tourangeau discussed the challenges around having a facilitated meeting in which Drummond Woodsum represents both entities and only one entity is present.

Vice-President Berry asked, based upon the hour, if a decision could be made after discussions with legal counsel occur at the Board of Trustees meeting of February 7, 2017. The discussion continued and it was unanimously decided by the Board to defer, get an alternative schedule, but not deny.

(Whereupon, Attorney Cote and Attorney Tourangeau left the meeting at 8:25 p.m.)

Whereupon, Item VI, Public Comment Period (Limited to 15 Minutes Total), occurred.

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*Public Comment Period*

*Verbatim Transcription*

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MR. KOLFF: Albert Kolff. I do want to remind you that the vote -- there were three votes, one of the votes was -- was the -- was there an interest in continuing generation of the power, and that was voted unanimously yes.

PRESIDENT KILBOURN: You're talking about the town referenda?

MR. KOLFF: Correct.

PRESIDENT KILBOURN: Yeah, thank you.

MR. KOLFF: That's it.

PRESIDENT KILBOURN: Thank you. Other comments?

MR. KAHN: Isn't there some overlap on your ratepayers and on the town people who voted for that?

PRESIDENT KILBOURN: Yes, if you could identify yourself, sir, I'm sorry, for the record.

MR. KAHN: Bill Kahn.

PRESIDENT KILBOURN: Thank you, Bill.

MR. KAHN: Fletcher Street. The people that you -- your ratepayers that are paying the bills and the town people is approximately the same. It's not exactly the same, I understand. But those people want you to do the right thing and the thing that they're asking is to keep the generation going.

PRESIDENT KILBOURN: Can you -- Todd, would you care to address the actual jurisdiction question?



GENERAL MANAGER SHEA: It probably works out about even. We don't -- the people who live past the Landing Store and out that way, parts of Kennebunk, along the beach, get to vote on matters within our jurisdiction, but we don't serve them. We have about 1,000 to 1,500 customers who don't live in Kennebunk but can't vote on our matters.

PRESIDENT KILBOURN: And we have about 6,500 customers.

GENERAL MANAGER SHEA: Yes. 6,750 meters is what we've got.

PRESIDENT KILBOURN: And we serve four towns.

MR. KAHN: All right.

GENERAL MANAGER SHEA: And so --

PRESIDENT KILBOURN: Sir, we have a question over here next. We'll get to you.

MS. PHIPPS: Rachel Phipps. I'm a resident of Kennebunk and I actually wasn't going to speak, but I do have to speak to that. Please don't say what the people of Kennebunk want, because you can't speak for the people of Kennebunk. I'm a resident of Kennebunk and I really support the KLPD's decision and I really don't support the Town taking on this kind of burden for multiple reasons. I do not even support those referenda with absolutely no money or funds and there's not nearly enough information for the people to understand what any of that meant and what it meant fiscally. So, I would ask you not to talk about what the people of Kennebunk want and what the ratepayers want, because I'm a ratepayer and a citizen of Kennebunk and I don't want them. I have a different idea of what the right thing is and I think it's very important to put that out there.

The other thing I was going to say is that I just think we also need to be really careful, because I guess my family is kind of one of the -- I don't want to use the word watchdog, but are very interested in executive sessions being used properly and I think, you know, we are going to be very careful that if there's an executive session that the Board of Selectmen is involved with, if your mandates are different than that, but the Board of Selectmen, we're very familiar with that law and there are very few issues that really legally allow the Board of Selectmen to go to executive session. It would have to fall into one of those very narrow parameters, definitions for an executive session.

PRESIDENT KILBOURN: If I could -- I appreciate that. If I could address that and then we'll come back. I think you came in after we had a conversation at the very beginning about executive sessions, and so, just to clarify, yes, we are under the same laws --

MS. PHIPPS: Oh, okay.

PRESIDENT KILBOURN: -- about executive session, as best I understand it --

GENERAL MANAGER SHEA: Yup.

PRESIDENT KILBOURN: -- one. Two, we had a conversation earlier about how important it is to us as a board to adhere to those rules and to discuss only what's subject of

Executive Session and to conduct any decisions or a discussion about a decision in open session. So, we're aware of that. I'm not sure we always get it 100 percent right. It's got to have watchdogs.

MS. PHIPPS: Yes. And one of the things that we do know is that the only reason you're legally allowed to have -- the Board of Selectmen -- I don't want to speak for your Board of Trustees because I don't have that information, but if it's the same law, it's the same law. If --

UNIDENTIFIED MALE SPEAKER: I believe it is.

MS. PHIPPS: -- if having the conversation open would jeopardize a competitive advantage, a competitive issue.

UNIDENTIFIED MALE SPEAKER: Right.

MS. PHIPPS: It can't be just general information. It has to be a competitive contract that it would jeopardize.

GENERAL MANAGER SHEA: That's just one portion of the law.

MS. PHIPPS: Right. Yes.

GENERAL MANAGER SHEA: I'm sure you're aware of that.

MS. PHIPPS: Yes, yes.

GENERAL MANAGER SHEA: But, yes. I just wanted to clarify that, yes, that is -- yes. You can't discuss those things just willy-nilly.

MS. PHIPPS: Right. Right.

GENERAL MANAGER SHEA: You are correct.

PRESIDENT KILBOURN: Thank you.

MS. PHIPPS: Um-hmm.

MS. TEAGUE: I wasn't going to say anything either, but since it's been brought up, I have --

PRESIDENT KILBOURN: I'm sorry, Donna. For the tape recording, could you identify yourself?

MS. TEAGUE: -- two statements --

UNIDENTIFIED MALE SPEAKER: Donna, name.

MS. TEAGUE: Oh, Donna Teague, Old Cluff Road.

PRESIDENT KILBOURN: Thank you.

MS. TEAGUE: Two statements. First of all, you know, I'm very aware that there are ratepayers outside of Kennebunk. Did you folks do anything to get their opinions on this issue; surveys, questions, meetings?

GENERAL MANAGER SHEA: I field questions from them quite frequently.

MS. TEAGUE: Okay.

GENERAL MANAGER SHEA: I don't know if --

PRESIDENT KILBOURN: Newsletter updates. I think over the years there have been --

MS. TEAGUE: Yeah, and that's why we didn't know for six years, because they were in newsletters and nobody reads the newsletters.

GENERAL MANAGER SHEA: You can't fault us for not trying.

MS. TEAGUE: Comment two: That vote --

PRESIDENT KILBOURN: We'll have to make it more attractive.

MS. TEAGUE: Yeah, well, something. Comment two: I appreciate that my neighbor, Rachel, is not for keeping the dams. She had a chance to vote, and I'm sure she did. All the information is out there and has been out there. You folks based all your information on Wright-Pierce, so we have the figures. I do not want to do Kennebunk residents a disservice by saying that they're uninformed, or they don't get it, or they're not interested. I've had plenty of people say to me, I researched this and even given the costs that are out there, I want the dams and I want the power. So, let's not invalidate the vote. Thank you.

PRESIDENT KILBOURN: Thank you. Other comments? Yes.

MR. TEAGUE: Sean Teague. I'm married to her. I live in the same place. By way of correction: If you average the three referendum questions, 75 percent want to keep the dams, keep the generation, and have a say on what happens to them. That's not a small vote.

PRESIDENT KILBOURN: Thank you. So, I hope that we don't turn this into a conversation among attendees of the public, but rather comments, questions, and feedback to the Board. Not to censor what you have to say to us, but let's try and go in that direction. Yes.

MS. FREUDENREICH: I have a question -- excuse me. Bev Freudenreich. Try and get that spelling right.

GENERAL MANAGER SHEA: I think I've got it down.

PRESIDENT KILBOURN: We've got it. We've spelled it before.

MS. FREUDENREICH: This one is for Todd. Looking back on the minutes for the June 17th meeting --

GENERAL MANAGER SHEA: Um-hmm.

MS. FREUDENREICH: -- when you -- the NOI -- or the vote for what direction you want to go. If -- in that, there was a comment from you, Todd, that you have recently heard that there is an accelerated method where the Town -- if the Town, and the Board, and those who are in charge of the dams can move at a much faster pace, and you have been applying [sic] this out, because there is this accelerated way that if there's this cooperation --

PRESIDENT KILBOURN: Yeah.

MS. FREUDENREICH: -- did you ever find out about that, or is that something that's going to be discussed at your meeting on the 7th? And that was back in June.

GENERAL MANAGER SHEA: Right.

VICE-PRESIDENT BERRY: That was the license procedure.

GENERAL MANAGER SHEA: Yes. That was the different license procedures. We will get further clarification on that at the meeting next week.

MS. FREUDENREICH: Okay. I was hoping that that was part of the --

PRESIDENT KILBOURN: I think, if I could add to that, though. My recollection is that you did reach out to FERC and they declined to even come to a meeting until we had made a filing; am I correct on that?

GENERAL MANAGER SHEA: That is correct. There were --

PRESIDENT KILBOURN: We tried.

GENERAL MANAGER SHEA: There is not a truly accelerated process, but in FERC's eyes one -- some of those processes are faster than others. It just depends on -- we will get you --

MS. FREUDENREICH: Okay.

GENERAL MANAGER SHEA: We'll discuss that.

PRESIDENT KILBOURN: Good. Yes.

MS. HUGHES: Patricia Hughes. Tonight, Todd, you said that -- you were being flippant and I know that you don't mean it literally, but you said, if we just put the license on the table and then somebody could come and pick it up. Is it that simple, you don't have to have a -- FERC doesn't have to say, oh, okay, we'd like you to do it, but we don't like you to do it; is it that simple that anybody that says I want it?

GENERAL MANAGER SHEA: Anybody that wants to take on that responsibility is -- is -- my understanding is, as soon as we file a Notice of Intent that says we're going to surrender our license, anybody with the means and the wherewithal can come along and grab it. Even right now --

VICE-PRESIDENT BERRY: That FERC will approve.

GENERAL MANAGER SHEA: If --

MR. KOLFF: That FERC will approve.

VICE-PRESIDENT BERRY: Right.

MR. KOLFF: Right.

VICE-PRESIDENT BERRY: Not anybody --

GENERAL MANAGER SHEA: FERC has to --

VICE-PRESIDENT BERRY: -- they have to be capable.

GENERAL MANAGER SHEA: -- they can't just say we'll take it. They still have to go through the whole process.

MS. HUGHES: I Can't walk over and say I'll take it. I've got to have monetary backing on it and --

GENERAL MANAGER SHEA: It still has to go -- they still have to go through the process.

MS. HUGHES: -- a plan in place --

GENERAL MANAGER SHEA: Yes.

MS. HUGHES: -- for FERC to then approve it?

GENERAL MANAGER SHEA: Approve that. That's correct.

MR. KOLFF: A slight clarification: If you surrender the license. But if you contract them, you can contract without FERC making a ruling. For a current license, you can contract someone who wants to take over the dams.

PRESIDENT KILBOURN: And keep the license. Thank you.

MR. KOLFF: Yes.

PRESIDENT KILBOURN: Yeah, sure. Other comments?

MR. KOLFF: Sorry. Jay --

PRESIDENT KILBOURN: Sure.

MR. KOLFF: -- one other --

PRESIDENT KILBOURN: I'm sorry. Go ahead. I didn't mean to cut you off.

MR. KOLFF: You raised the question of, do they have any questions, why don't we -- why don't we -- why doesn't KLPD request the Selectmen to submit questions before the meeting

as a means of bringing out questions that the Selectmen might have, that KLPD would be able to answer.

GENERAL MANAGER SHEA: That's been done before the -- before the meeting of the 17th and, again, prior to the meeting on the 24th. There's been constant communication between Michael and myself and I -- we have extended that, and if there's a reason why --

MR. KOLFF: But it hasn't become part of the public. We haven't heard any responses to questions we actually submitted to the Selectmen to ask of you.

GENERAL MANAGER SHEA: There have been no questions submitted by the Selectmen.

PRESIDENT KILBOURN: You better give them a call.

MR. KOLFF: That's why -- that's why I'm suggesting, if there are questions that we can answer, submit some questions.

PRESIDENT KILBOURN: I'm sure Todd would be willing to ask Mike again in the next conversation.

GENERAL MANAGER SHEA: Most certainly.

PRESIDENT KILBOURN: And, honestly, I think that was what I was trying to suggest with the facilitators, was that if they could give us some more clarity about what the Town wanted to ask and what their goals and objectives were, that that would be very helpful.

MR. KOLFF: Great.

PRESIDENT KILBOURN: So, we're on the same page.

MR. KOLFF: Okay.

PRESIDENT KILBOURN: Thank you. Other questions or comments?

(No verbal response.)

PRESIDENT KILBOURN: We're just about at our fifteen minutes, so I appreciate everybody's thoughtfulness and -- and helpfulness. We're going to keep trying to move the process forward.

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*Public Comment Period*

*Verbatim transcript Concluded at 8:35 p.m.*

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Whereupon, Item V, Board Review and Approve 12/6/16 Meeting Minutes, occurred. President Kilbourn advised of a correction: Page 1618, first paragraph, final mention of the words Board of Trustees should be Board of Selectmen. He advised General Manager Shea that on Page 1619, Item C, that the Board will need a follow up presented to the Board at some point. With no other comments, President Kilbourn moved to accept the minutes with the noted correction. It was seconded by Clerk Emmons.

Whereupon, with unanimous ayes heard, the minutes were accepted.

Whereupon, Item VIII, Board Discussion of Regulatory Process Next Steps, occurred. As this item was discussed in detail tonight, it will not be discussed further until the February 7, 2017 Board of Trustees meeting to be held at 6:00 p.m. at the District's office.

Whereupon, Item IX, Board Consideration of Request by MKRA to make non-jurisdiction Legal Opinion Public, occurred. This item will be discussed further at the February 7, 2017 meeting pending legal advice.

Whereupon, after a brief discussion, a motion was made by President Kilbourn and seconded by Clerk Emmons to discuss Items VIII and Item IX at the February 7, 2017 meeting.

Whereupon, with unanimous ayes heard, the motion passes to postpone discussion on Items VIII and Item IX until the February 7, 2017 Board of Trustees meeting.

Whereupon, Item X, Board Review and Approve NextEra Energy Solar PPA, occurred. Per President Kilbourn, negotiations are continuing and further discussion is to occur at the meeting of February 28, 2017. President Kilbourn added that the final draft should be available two weeks before the meeting.

Whereupon, Item XI, Board Review and Approve List Of

2016 Account Write Offs, occurred. Business Manager Rancourt took the floor and advised the Board of the status of 2016 account write offs. He discussed the process that KLPD follows based on PUC regulations. The legacy write offs were discussed. Removing the legacy issues brings the write off total for fiscal year 2016 to approximately \$12,200. The write off amount is the lowest since prior to 2011. Business Manager Rancourt added that there have been continued efforts to develop a pre-emptive system. Vice-President Berry added that he did not see the list prior to tonight's meeting. President Kilbourn added that it was in the Drop Box. The Board and the management team discussed the legacy items further. Procedures on collection practices were discussed. Legal options were then discussed. Trustee Bartilucci added that 79 percent of the accounts being written off are renters, which led to a discussion on collection of deposits. PUC regulations were then discussed and the legacy issues were discussed further.

After further discussion, a motion was made by President Kilbourn to write off all accounts, excluding the legacy issues, pursuant to the write off schedule dated November 4, 2016. Further collection efforts are to continue on the two legacy issues, which total \$19,303.01. The motion was seconded by Vice-President Berry.

Whereupon, with unanimous ayes heard, the motion, as presented by President Kilbourn, was approved.

A discussion continued and President Kilbourn asked that management bring forward to the Board the District's collection policies, PUC regulations, the two legacy issues, and the legal pathways available to the District, along with steps that could be taken to put these collection issues formally in front of the PUC. President Kilbourn concluded with stating that there has been a great deal of effort to bring the write offs down to where they currently stand. Vice-President Berry praised the efforts that have been made, but explained that any amount being written off is passed on to the ratepayers.

Whereupon, Item XIII, General Manager's Report occurred as follows:

A. Address Past Meeting Board Requests:

1. Conflict issues were discussed this evening.
2. Moving forward with joint meetings between the Board of Trustees and the Board of Selectmen was addressed.
3. Moderator and FERC presenter, Drummond Woodsum, why necessary, has been addressed.
4. Provide information to the Board of Trustees that was received from the Board of Selectmen has been addressed.
5. Questions, comments, or concerns in regard to the NextEra Energy contract have been addressed. The contract has been forwarded and is in the hands of NextEra Energy.
6. MEMIC documentation to be routed to the Board of Trustees when received will be handled at a future meeting.
7. The standard offer concern brought forward by President Kilbourn will be forwarded to President Kilbourn by General Manager Shea in summary caption format at the next meeting.

B. Outages/Complaints:

1. Sunday's outage was due to a squirrel.
2. The ice event that occurred last week was discussed, with no impact being felt by the District.

C. Workshop meeting for the strategic plan was discussed, in which General Manager Shea is hopeful that it can occur on either April 4, 2017 or April 11, 2017.

1. General Manager Shea notified the Board of his vacation schedule.

D. Bond Rating/Refinancing Discussion/Capital Needs:



1. Bond rating has been reduced from A- to BB+, with a steady outlook. Cash flow is an issue. Several factors weigh into the cash flow issue such as returning of deposits, and other internal issues that are being addressed by the management team.

2. General Manager Shea would like to have a refinancing discussion in which Joe Cutara (ph) would be brought in to continue the discussion on refinancing the bonds. Vice-President Berry discussed the bonds of 1982 being callable in 2017. General Manager Shea added that the 2007 bonds are callable in August of 2017. The \$300,000 indenture was discussed. Standard and Poor's was then discussed.

3. President Kilbourn would like a more thorough presentation on the downgrading of the District's rating, with what happened, why, and a corrective action.

4. Capital need discussion is to be deferred until a full-blown conversation can occur with the Board at an upcoming meeting.

5. Meeting dates were then discussed, with a meeting planned for February 28, 2017.

6. Pending projects were then discussed.

7. The yearly audit is to commence Monday, February 10, 2017. A presentation should be ready for the Board by March of 2017.

8. Pending projects were circled back to, in which the Mill Street line and the Water Street load shift were discussed. Capital items were then discussed. General Manager Shea will present to the Board an assessment of how the capital items will be paid for in which factoring in the determination of need for the new substation will be included. General Manager Shea discussed cash position and the goals of the Board.

9. Various documents will be forwarded to Board members from General Manager Shea that he has received in regard to net metering.

E. Update Board on Energy Services Manager Position: Chuck Tucker has been hired as the new Energy Services Manager. General Manager Shea discussed Mr. Tucker's educational background, past work experience and qualifications. Mr. Monks and Mr. Tucker are working closely to assist Mr. Tucker in becoming up to speed.

The Board then moved back to Item C, Workshop Meeting For Strategic Plan. The Board unanimously approved April 4, 2017 for the workshop. It was noted by President Kilbourn that the current meeting schedule for the Board of Trustees is as follows:

February 7, 2017

February 28, 2017

March 28, 2017

April 4, 2017

The above mentioned meetings are to occur at the District office starting at 6:00 p.m.

Vice-President Berry would like to add the conflict of interest discussion to Item XIII; the Board agreed. Vice-President Berry then made the motion to add the inclusion of a discussion in regard to conflict of interest into Executive Session, pursuant to 1 MRSA 405.6 (A), to Discuss a Personnel Matter. It was then seconded by Clerk Emmons.

Whereupon, with unanimous ayes, the Board entered into Executive Session Pursuant to 1 MRSA 405.6 (A), to Discuss a Personnel Matter, occurred.

- - -

Executive Session

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Whereupon, the Board came out of Executive Session at 9:50 p.m.

Whereupon, President Kilbourn made the motion to accept the January 28, 2017 confidential draft of the annual review of General Manager Shea as written and provided to the Board in the Drop Box. The motion was seconded by Clerk Emmons.

Whereupon, with unanimous ayes heard, the motion passed.

Whereupon, Item XIV, Board Review and Approve General Manager Employment Terms and Compensation, occurred. President Kilbourn made the motion to approve the employment agreement provided to the Board in the Drop Box with the following changes:

1. Item 5, the sentence will read as: May be selected by the Board or employee, and KLPD continuing on.
2. The addition of verbiage stating that a five-year term in the contract with an automatic renewal provision for one year, absent 90 days notice of termination by either party. Vice-President Berry then added absent 90 day notification by the Board, in which President Kilbourn continued by stating, absent 90 day notification by the Board.
3. Verbiage in Item 2(a) will be changed to reflect the build up of a 3 percent upward adjustment of base salary of the prior year in 2016, and calculated as otherwise calculated as provided in the schedule to the Board in the Drop Box which will be attached. Vice-President Berry then asked if an actual number should be put on Item 2(a) as opposed to just 3 percent.

Whereupon, with nothing further noted, President Kilbourn asked for a second to the motion. It was seconded by Clerk Emmons.

Whereupon, with unanimous ayes heard, the motion passed.

There being no additional business of the District discussed by the Board, President Kilbourn asked for a motion to adjourn. Clerk Emmons made the motion to adjourn and it was seconded by Vice-President Berry.

Whereupon, with unanimous ayes heard, the meeting adjourned at 10:05 p.m.

Attest: \_\_\_\_\_  
Bob Emmons, Clerk