

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, APRIL 25, 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 - (PRESENT)

TRUSTEE: DAN BARTILUCCI - (PRESENT)

APPEARANCES:

RUNYON KERSTEEN OULETTE

BY: CASEY LEONARD

PARKER MADDEN

20 Long Creek Drive

South Portland, ME 04106

ALSO PRESENT:

Bob Wuerthner, Kennebunk

Beverly Freudenreich, Kennebunk

Donna Teague, Kennebunk

Sean Teague, Kennebunk

Peter Ashley, Cape Neddick

Albert Kolff, Kennebunk

Kyle Scardino, Kennebunk

Matthew Rancourt, Business Manager

Kathleen DeMarre, Recording Secretary

TRANSCRIPT OF PROCEEDINGS

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

THE VERBATIM PORTIONS OF THIS MEETING are a transcript of the recorded proceedings and since the proceedings were not taken in front of a court reporter, accuracy in the depiction of speakers cannot be guaranteed in the colloquy of the transcript.

THE VERBATIM PORTIONS OF THIS MEETING are 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 Regular Meeting Agenda, occurred. Trustee Bartilucci asked if Item V, Public Comment Period (Limited to 15 Minutes Total), could be moved to occur before Item X, Executive Session. Trustee Cluff asked if the public comment period should be moved toward the end of the meetings going forward. After a brief discussion between the Board members, it was agreed upon to move Item V to before Item X at tonight's meeting. Going forward, the public comment period will be conducted at the later part of the meeting.

Whereupon, Item III, RKO Audit Summary Presentation, occurred. Mr. Leonard took the floor. He moved directly into the presentation that was provided to the Board members. The summary audit results were discussed. The District received a financial statement opinion of unmodified, which means that the financial statements are fairly stated according to generally accepted accounting principles. The firm also conducted an audit in accordance with Government Auditing Standards (GAS), in which no material weaknesses or significant deficiencies were found.

Mr. Madden then took the floor. He reviewed the net position analysis for fiscal years 2012 through 2016. He advised those present that net investments in capital assets has been steadily increasing since 2012 and that the unrestricted net position increased in 2016, which last occurred in 2013. Both of these items are a positive change for the District.

Total revenues increased \$203,000 from 2015 to 2016. The increase was due to the October of 2016 rate increase and a significant increase in kilowatt sales. Capital contributions increased due to an increase in the number of homes and businesses connecting to the system in 2016.

Mr. Madden compared expenses between 2016 and 2015, in which he noted that expenses decreased in 2016 compared to 2015. Purchased power increased from 2015 to 2016, which is directly related to the amount of revenues in purchased power. Mr. Madden then discussed revenues and the offsetting expenditures.

General and administrative expenses decreased by \$58,000 in 2016 due to the retirement of former general manager Sharon Staz. Re-licensing expenses decreased in 2016 due to the District's decision to not pursue the FERC license. Amortization expense and amortization of change in net pension liability were then discussed along with GASB 68.

Change in net pension liability from 2012 through 2016 was then discussed. The most notable item is that the net position increased in 2016 by \$255,000, which was a result of higher than anticipated capital contributions and reduced re-licensing expenditures.

Operating revenues from 2012 through 2016 were then reviewed. The largest change in 2016 was in delivery. In 2015, delivery was at 16.55%. In 2016, delivery was at 17.26%. This increase is directly related to the rate increase that occurred in October of 2016 along with the increase in kilowatt hours.

The distribution of operating expenditures for fiscal year 2016 were then reviewed. Purchased power stands at 63.05%, with regional network services at 16.93%, and general and

administrative at 7.13%. All other operating expenditures ranging from 5% to 0.84%. Mr. Madden stated that the percentages are comparable to 2015 with no significant changes noted.

Vice-President Berry discussed the growth in capital assets and the growth in the District's customer base. He asked the auditors for their opinion in regard to the District's asset management program. Mr. Madden discussed asset management programs, depreciation schedules, and the ability to identify the age of an asset. Depreciation was then discussed further by President Kilbourn. President Kilbourn then discussed operating expense distribution and asked for clarification in regard to salaries, whether they are broken out by the function of operations, collections, accounting, GNA, et cetera. Business Manager Rancourt then explained how distribution of salaries is assigned taking into consideration vacation and sick time.

Mr. Leonard moved into discussing the management letter of April 18, 2017 that was forwarded to General Manager Shea and the Board of Trustees. Year-end inventory count was discussed. Out of 40 items that were chosen for test counting, 11 items did not tie out and were unable to be recounted due to a lag time between when the staff counted inventory and the auditing team did their count. Location of inventory items was then reviewed along with the need of supporting documentation for items moved out of inventory at year-end and during count time. Mr. Madden was pleased that every truck was in the garage at count time and he feels that there has been an improvement with internal inventory practices.

Mr. Leonard then discussed the budget of \$360,000. He discussed depreciation expenses, capital assets, and the need of a software module. Timelines for the implementation of the inventory system was then discussed between the Board and Business Manager Rancourt. Reconciliation processes were then discussed. Mr. Madden discussed the differences between inventory and capital assets. Per Business Manager Rancourt, inventory will be uploaded into the new system first. Capital assets will then follow. Maintaining of inventory was then discussed and the diligence that is required by crew and staff. Inventory control was discussed in detail by the Board, management, and the auditing team.

Trustee Bartilucci asked about the budget of \$360,000 and asked for recommendations from the auditing team. Mr. Madden discussed the methodology for capturing the District's capital assets, whole assets, project or road assignments, and individual assets. Outsourcing the capital asset project was discussed by General Manager Shea, in which he touched upon cost, format, and maintenance of capital assets.

Mr. Leonard discussed segregation of duties, along with tasks and responsibilities in regard to accounting functions. Mr. Leonard also discussed monthly review of financial information by the Board. Trustee Cluff asked General Manager Shea for his opinion on segregation of duties. General Manager Shea discussed measures that are currently in place and the accountability of staff. Outsourcing of payroll along with a bi-weekly pay schedule was discussed.

Thereupon, the auditing team left the meeting at 6:44 p.m.

Whereupon, Item IV, Board Review and Approve 03/28/17 Meeting Minutes, and, Item V, Public Comment Period (Limited to 15 Minutes Total), will occur later in tonight's meeting.

Whereupon, Item VI, Board Review March Financials, occurred. Business Manager Rancourt took the floor. There continues to be a decrease in energy and RNS revenues due to the separation of Corning. Delivery is higher due to the rate increase of October of 2016. General Manager Shea stated that March of 2017 consumption is 51,792 kilowatt hours lower than 2016 due to Corning's departure. However, consumption has increased due to other growth within the District.

Business Manager Rancourt stated that administrative expenses were higher in March of 2017 versus March of 2016 due to an increase in sick time and a pay out of vacation time for a retired employee, an increase in snow removal costs, and an overlap in group medical expenses due to the retirement of Mr. Monks and the hiring of Mr. Tucker.

Business Manager Rancourt then discussed the new format of the budget analysis done at the Board's request. President Kilbourn thanked Business Manager Rancourt for the format change.

Vice-President Berry asked about the difference in revenue. Business Manager Rancourt stated that it is due to a timing issue. Rates were then briefly discussed by Business Manager Rancourt, General Manager Shea and Vice-President Berry.

Developing a more stringent and aggressive collection plan was then discussed by Vice-President Berry, General Manager Shea, and the other Board members. It was decided that this will be discussed further within the strategic planning meetings. Vice-President Berry would like it put as an agenda item for the next business meeting.

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

A. Address Past Meeting Board Requests. Production numbers have been placed on the website and will continue to be added monthly. The Notice of Intent has been placed on the website, as well.

Participation of staff in strategic planning was briefly touched upon. Substation training is occurring. The process of locating a spare regulator, the wire job and the substation project were then discussed.

The weekly manager's report will be forwarded to the Board by General Manager Shea on Monday mornings.

B. Outages/Complaints. There have been no major outages. Crew is working in the field within the District on spring projects.

C. Reminder to Sign Up and Validate E-mail Sign Up Requests on KLPD Website occurred.

Production numbers for March of 2017 were then discussed. Kesslen Dam produced 57,000 kilowatt hours in the month of March, which brings the year-to-date total to 68,400 kilowatt hours. Generation and the flow of water that occurs during times of high volume of rain at the dam was then discussed. Twine Mill generated 111,000 kilowatt hours in March, which

brings the year-to-date total to 111,000 kilowatt hours. The total year-to-date for both facilities is 179,500 kilowatt hours.

General Manager Shea stated that the accumulators have been installed. The fitting for the accumulator will be an SAE 5000 PSI fitting. Dane Perkins should be up and running by the end of the week.

General Manager Shea discussed the status of customers using the website for various tasks. Video streamlining was then discussed by General Manager Shea.

Whereupon, Item IV, Board Review and Approve 03/28/17 Meeting Minutes, occurred. With no discussion, a motion was made by Vice-President Berry and seconded by Clerk Emmons to approve the March 28, 2017 meeting minutes.

Whereupon, with unanimous ayes heard, the March 28, 2017 meeting minutes were approved.

Whereupon, Item VIII, Board Discussion and Decision on Draft Meeting Minutes on Web, occurred. Trustee Bartilucci would like to have draft minutes posted to the website. Trustee Bartilucci then made a motion to post the draft meeting minutes to the website immediately after the meeting. Vice-President Berry seconded the motion.

A discussion ensued in which Trustee Bartilucci feels that the public should not have to wait until the following month to review the minutes, that they should be able to keep up to date. Although President Kilbourn feels that it is reasonable, he is concerned that the draft minutes could be taken as final minutes. After further discussion, Trustee Cluff made the motion to move to a vote.

Whereupon, Trustee Bartilucci voted in favor of posting draft minutes. All other Board members were opposed. The motion fails.

Whereupon, Item IX, Board Discussion of Hydro Bypass Gate Operation, Discussion with Decision on Hydro Operation Policy, If Necessary, occurred. General Manager Shea took the floor. He stated that he misspoke at the last meeting in regard to the floodgates. General Manager Shea stated that the District does not operate the floodgates to act as a flood control facility. FERC has verified that Kennebunk Light & Power District is not a flood control mechanism. The District does not have enough capability to go through the bypass gates, reduce the threat of flooding, eliminate or anticipate flooding. The intent of a run-of-the-river facility, per General Manager Shea, is that "what comes down the river goes down the river". He then discussed water levels and maximum generation. General Manager Shea pointed out that FERC prohibits peak shaving. He stated that the elevation of water is not to be moved. Anticipation of weather events does not occur by the District. The balance between FERC and the various agencies were then discussed by General Manager Shea.

General Manager Shea went on to say that his comments in regard to Dane Perkins were incorrect; in that what he failed to mention was that there was a six-week lag period due to a piece of equipment that needed to be ordered. He also stated that water never got into the side of building and that the safety of employees is paramount. An employee will not go through water. They will only operate the floodgates in a safe location. General Manager Shea stated that the

floodgates will be operated on a regular basis. The floodgates at Kessler Dam were open for 14 days in an attempt to try and maintain the facility and mitigate the water coming down. They were not opened to try to avoid flooding.

The purpose and operation of the flashboards was then discussed by General Manager Shea. He stated that KLPD does not have the ability to remove the flashboards in a rain event when water is spilling behind the boards as the District does not have a trip mechanism to drop the boards down to permit the water to flow. General Manager Shea stated that the flashboards were replaced at Dane Perkins last fall. Kessler Dam flashboards have not been fixed, but due to the drought last year, it could not be done as KLPD could not ensure that the river could be recharged after the drawdown. He noted that assistance from divers is needed to remove hazards prior to the replacement of the boards.

General Manager Shea stated that the floodgates are operated in the same manner as they have been in year's past, but that the District cannot operate the floodgates to anticipate floods due to a lack of rechargeability in the river. FERC regulations are being followed, and staff does understand that maximum generation in the District's three facilities during the remaining term of the license is paramount and to generate whenever possible.

Trustee Bartilucci discussed flood control and slow drawdowns. He then discussed historical past practices in regard to drawdowns. Trustee Bartilucci discussed the District's current license and the terminology used by FERC. A discussion then occurred in which there was a difference in opinion as to whether or not FERC can regulate or define what the District can do with the floodgates.

Trustee Bartilucci then discussed the flood at Dane Perkins. He would like to see the District follow the flows, look at the levels, and then plan accordingly. Trustee Bartilucci feels that perhaps reviewing the 10-day weather forecast could be beneficial. He would like a more proactive approach followed. General Manager Shea explained to Trustee Bartilucci the regulations put forth by FERC, and explained that dropping the floodgates in anticipation of an event is not permitted by FERC. Trustee Bartilucci advised those present that because of the flooding that occurred at Dane Perkins, he felt it necessary to look further into the issue and that he has spoken with a representative from FERC.

President Kilbourn then took the floor and asked the Board if there is a desire from Board members to change the current approach in regard to power generation or dam management and the instruction given to General Manager Shea on how to proceed. Trustee Bartilucci would like to see weather review and planning accordingly in order to maximize production and reduce flooding and damage to flashboards. He reiterated that he would like to see a proactive approach undertaken.

Mr. Ashley then explained the term drawdown, its implications, and the need to understand the industry. According to Mr. Ashley, a drawdown occurs when a project needs to be worked on and a timeframe has been chosen. If the level is above the crest of the dam, it is not considered a drawdown. It is considered an anticipatory type of analysis based upon what the dams upstream are going to do and what has been learned through history. Per Mr. Ashley, between the crest of flashboard and the top of the dam is the range in which there is an allowance to modify the amount of water going over the top of the dam because it's being lowered below

the crest of the flashboards. He added that the flashboards are designed to bend, not break, and if they are not working properly, the design and materials need to be modified.

President Kilbourn took the floor and advised those present that he feels that the general manager has been advised to make the most power as possible with the resources available to him and that the Board has never changed their view. President Kilbourn would like to see as much power generated as possible, while ensuring that it is done safely and in compliance with the license. General Manager Shea then discussed the back-to-back floods that occurred in 2006 and 2007. Mr. Kolff then discussed the need to anticipate flooding at Dane Perkins. He feels that it is a unique situation.

General Manager Shea reiterated his apologies for misspeaking at the prior meeting, stating that Dane Perkins has not been flooded since the 2006/2007 events. General Manager Shea stated that the powerhouse is accessible, based upon Mr. Kolff's question in that regard.

Vice-President Berry asked Trustee Bartilucci how much time he would like management to spend on managing the water level at the dam. Trustee Bartilucci feels that the general manager needs to give the dam operator direction. Vice-President Berry feels that it has been made clear to management that the maximum amount possible of electricity is to be generated for the duration of the license. Conditions that arise are handled by management and he feels that the Board does not need to micromanage water levels. A discussion then occurred between all board members. President Kilbourn advised those present of the Board's position, the guidance that has been given to General Manager Shea, the role of the Board, and other related topics.

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Verbatim Transcription

Commencing at 1:24:57.1 on the audio recording of the Board of Trustees' April 25, 2017 meeting, pursuant to the directive given at the May 30, 2017 Board of Trustees' meeting

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VICE-PRESIDENT BERRY: So, how much time do you want management to spend on this, management and operations to spend on this?

TRUSTEE BARTILUCCI: Two weeks a month.

VICE-PRESIDENT BERRY: You want -- you want full staff two weeks a month on managing the water level of the dam?

TRUSTEE BARTILUCCI: No. We have -- we have somebody that knows the dam, don't we?

VICE-PRESIDENT BERRY: Yeah, on a --

TRUSTEE BARTILUCCI: Okay.

VICE-PRESIDENT BERRY: -- daily basis --

TRUSTEE BARTILUCCI: That's fine. On a daily basis. So --

VICE-PRESIDENT BERRY: Do you want --

TRUSTEE BARTILUCCI: -- we need -- we need the general manager to give him a direction.

PRESIDENT KILBOURN: I could just suggest that I think this conversation that --

GENERAL MANAGER SHEA: There is direction.

PRESIDENT KILBOURN: -- got out -- you know, got mis -- misstated, misunderstood, and then further misunderstood, and that's why --

TRUSTEE BARTILUCCI: I've felt very bad about this all month.

VICE-PRESIDENT BERRY: But I think --

PRESIDENT KILBOURN: Yeah, there was a --

VICE-PRESIDENT BERRY: -- But I think it's been made clear in the past that we want to continue to generate electricity for the duration of the license to the maximum amount possible, whatever the conditions are, you know, and it's up to management to -- to handle those conditions. I don't think the Board needs to get into micromanagement about whether they need to anticipate lowering the water levels six inches three days ahead of time because we're predicting -- somebody is predicting rain.

PRESIDENT KILBOURN: And it does --

VICE-PRESIDENT BERRY: And he's capable of doing -- he's capable of doing that.

TRUSTEE BARTILUCCI: But we had a flooded powerhouse.

VICE-PRESIDENT BERRY: Yeah, we had a flooded powerhouse --

TRUSTEE BARTILUCCI: He did not --

VICE-PRESIDENT BERRY: -- because it wasn't running.

TRUSTEE BARTILUCCI: He did not solve the problem there.

GENERAL MANAGER SHEA: The powerhouse never flooded.

TRUSTEE CLUFF: He just said that the powerhouse didn't flood.

VICE-PRESIDENT BERRY: The powerhouse didn't flood --

TRUSTEE BARTILUCCI: Well, the whole apron was flooded over. That's what we saw, okay?

GENERAL MANAGER SHEA: The trickle of water over the side --

TRUSTEE BARTILUCCI: And thank God we got the -- the weeds out of the drain.

GENERAL MANAGER SHEA: That saved the world.

TRUSTEE BARTILUCCI: That probably helped a lot.

GENERAL MANAGER SHEA: A huge amount. Absolutely.

PRESIDENT KILBOURN: So --

GENERAL MANAGER SHEA: All the difference.

TRUSTEE CLUFF: I don't see that the Board needs to take any kind of --

PRESIDENT KILBOURN: Yeah, I really think it's time to move on. I do --

TRUSTEE BARTILUCCI: Wait a minute. Now, Duffy, I think you recused yourself on this -- on the dam issue. I don't know if you can really talk about this; can you?

TRUSTEE CLUFF: As soon as you recuse yourself, I will recuse myself.

TRUSTEE BARTILUCCI: I -- I -- I -- I'm sorry. I'm fine, my friend. You recused yourself. That's it. I didn't recuse myself.

VICE-PRESIDENT BERRY: I'll let you -- I'll make a motion. You can un-recuse yourself.

TRUSTEE CLUFF: Thank you.

PRESIDENT KILBOURN: So --

VICE-PRESIDENT BERRY: You're getting into --

TRUSTEE BARTILUCCI: You think it's funny?

VICE-PRESIDENT BERRY: -- you're getting into -- yeah, because you're getting into micromanagement of the day-to-day operations of the company and that is not what the Board does. The Board sets policy and looks at it from a higher view and you're getting in to the nitty gritty of when you think the water should be leveled, or lowered, or whatever.

TRUSTEE BARTILUCCI: I just -- I just stated past practice. The general manager gives the direction. Okay?

VICE-PRESIDENT BERRY: And that's --

TRUSTEE BARTILUCCI: End of story.

VICE-PRESIDENT BERRY: And that's what this --

TRUSTEE BARTILUCCI: End of story.

VICE-PRESIDENT BERRY: That's what this --

TRUSTEE BARTILUCCI: That's what we're talking about.

PRESIDENT KILBOURN: All right. Let's --

TRUSTEE BARTILUCCI: The direction wasn't given.

PRESIDENT KILBOURN: -- let's --

TRUSTEE BARTILUCCI: It was blown over.

TRUSTEE BARTILUCCI: Let's all take a deep breath here, folks. I mean, really. If -- if we can -- I -- I understand you're upset about it. I think people -- some -- some of us here are upset about it because there was a misunderstanding and -- and beyond that, there's also an issue of are we doing our best to maximize our production.

I think that point has been made.

MR. ASHLEY: For running equipment --

PRESIDENT KILBOURN: Peter, if I could, this is not a public comment period.

MR. ASHLEY: I now.

PRESIDENT KILBOURN: We don't need any more of it. Thank you.

MR. ASHLEY: I know.

PRESIDENT KILBOURN: Thank you.

MR. ASHLEY: I'll talk about it later.

PRESIDENT KILBOURN: Fine. That's a good -- and I welcome that.

So, I suggest that we move past this agenda item, unless there is -- there's some change to the current policy that we're operating under. I think our general manager will continue to be welcome to feedback or information to assist our staff in being -- doing the best job that they can.

There's a difference between providing information and having individual board members, or members of the public, telling our general manager what to do. We have to trust him to do the best that he can, but we can have these conversations. We can certainly get reports from him about how we're doing. We can ask questions about whether we're being as effective as we can.

Perhaps, there are some tradeoffs that our general manager has to make in the course of doing the day-to-day work. If we're not certain we're getting what we want, let's ask him to

explain those tradeoffs. That's our role. Challenge, ask questions, make suggestions, but basically, set policy, and direction, and goals.

So, we can't be -- I don't want to spend, and I don't think anyone, really, yourself included, I suspect, want to spend --

TRUSTEE BARTILUCCI: I'm tired of this.

PRESIDENT KILBOURN: -- hours --

TRUSTEE BARTILUCCI: I'm listening to the people complaining all the time.

PRESIDENT KILBOURN: -- in our board meeting managing the boards and the gates. So, we need to give clear guidance to our general manager. I think that the guidance that we've given him is what we all believe is the right thing, and there's some dispute about whether he's making the right decisions on this. I think he's got the message.

Are you all right with that?

TRUSTEE BARTILUCCI: Yeah, I guess so.

PRESIDENT KILBOURN: I mean, I don't -- okay.

TRUSTEE BARTILUCCI: What can I say? I said it all.

PRESIDENT KILBOURN: Well, thanks for bringing it forward.

TRUSTEE BARTILUCCI: Yeah.

Verbatim Transcript Concluded at 1:29:26.8

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

Public Comment Period

Verbatim Transcription

MR. KOLFF: I was going to say that I think one of the questions the general public is interested in is the maintenance of the dams. It's a tricky question because we know that the Trustees and the Board are looking to discontinue generating electricity. At the same time, it's been historic for all these things that have -- remove the dams to continue generating electricity

because there is a revenue generation stream from the dams until the day the water level is too low to generate electricity. I have pictures of Madison Electric where -- the day that the backhoe is taking out the dam. There's a power man disconnecting the electricity from the generator.

So, one question that I have is, the Wright-Pierce report had \$65,000 allocated to budgeting maintenance for the dams. This one question should be followed up with a little further look at what has been spent in 2016 for the dams.

We do have to continue providing the license until FERC makes a ruling and it can be that FERC will extend our license yearly if, in our negotiations with FERC and stakeholders, like the Town of Kennebunk, if we don't come to a conclusion in three years, they can extend it yearly and the report from legal counsel that did an American Bar Association article, which I wanted to share with everyone, they said that on average the license period on the decommissioning will take ten years. The longer it takes, the more expensive it becomes.

So, we have to continue to generate electricity so the revenue keeps coming in as the license exists or through the period that the license is allowed to be maintained. Otherwise, they're going to have to make up the difference of buying the electricity. So, if we can have a report on what was spent on dam maintenance for 2016, I think that would be nice public knowledge.

Thank you.

PRESIDENT KILBOURN: Thank you. Great comment and question. Peter, did you want to follow on that one?

MR. ASHLEY: Over the year plus, I've tried to remain as proactive as possible on things that would allow the dams to keep running and to avoid some catastrophic event that came to pass. So, you've made terrific strides forward on the accumulators. You've spent money, I'm not sure how much, but you have it almost ready to go at Dane Perkins, except that you haven't cleaned up where all the packing glands [sic] and the wicket gates, and the hydraulics, and all the bearings and everything that operates all those wicket gates and the braking links, and on, and on, and on. All of that is contaminated and is pictured in the Wright-Pierce report and that is what first attracted my attention and I was rather horrified.

So, as I said a few minutes ago, I can't remember the exact word I used, but destroying the ability of the dams to work properly because something was not taken care of -- when I went up there on a tour, Mr. Shea took me up very nicely to show me and my camera what Dane Perkins looked like, and the walkthrough, and asking if he would ask questions of me of anything that he wished to be cognoscente of, and at that time, I pointed out the weeds that he very quickly had the crew remove in the drainage path into the doorway. I also mentioned putting Great Stuff under the barricades and under the big equipment doors to keep water from going to -- if it so happened unavoidably that after the use of the floodgate, which I am calling bypass gates, so that people don't get electrified -- I don't mean electrified --

GENERAL MANAGER SHEA: Excited?

MR. ASHLEY: -- and I said a few minutes ago about the flashboards, they need to be tested and the crew can do that very easily by using some section of it, where they change the

supports that are holding the boards up to get members that will bend over at the appropriate time, and I would suggest four inches above the top of the flashboards is the point where they will start bending and I think that will keep the water from -- the majority of water going away from the Dane Perkins powerhouse itself.

PRESIDENT KILBOURN: That is about three minutes, Peter. If you could --

MR. ASHLEY: What's that?

PRESIDENT KILBOURN: That is about three minutes.

MR. ASHLEY: Okay. So, what you're about to do is, you're about to get the accumulator going and say, oh good, we can start generating power, but as I began this, I said all the contamination, sand, everything else is going down there and that is going to go around that beautiful bearing that Don and I put together to go down there and position the runner of the turbine. And so, you run the risk of destroying the tips of the blades, et cetera, causing undue vibration, which will tear things apart. And so, I will hope that you will get whatever means that the crew can devise, or ones that you bring in, to clean that out and to be sure that the bearings are readjusted. I'm not aware that the bearings have ever been adjusted, so you check on that. This is just that routine maintenance that should have been done in the past, that you now have time to do right now. It will prolong the life of the equipment and that's what -- this is what you were just talking about. It's possible, 10, 11 years, or more. Who knows. Time will tell.

Now, all this scenario applies to the other two plants. I'm not aware that the guide bearings have ever been adjusted at Kessler. Maybe Mr. Shea knows from past log books what's been done and when.

PRESIDENT KILBOURN: Peter, if I could, there may be others who wish to speak.

MR. ASHLEY: That's all I need to say.

PRESIDENT KILBOURN: Okay. Great.

MR. ASHLEY: Just be proactive and keep them running.

PRESIDENT KILBOURN: Thank you. Thank you.

MS. FREUDENREICH: I have a comment. It's not on the dams.

PRESIDENT KILBOURN: Any subject is open for discussion.

MS. FREUDENREICH: I want to go back and talk about the draft minutes and why the public finds that important. You used to have meetings twice a month and now it's 30 days and then you have to wait until those minutes are approved before they -- (INAUDIBLE) -- and there are -- you do have ratepayers who care about what is happening with their utility company and they want to know. It's not just us, okay? It's a lot of people.

PRESIDENT KILBOURN: I wouldn't say "just us".

MS. FREUDENREICH: Well, we do come often. We do keep on top of it.

PRESIDENT KILBOURN: Sure.

MS. FREUDENREICH: And we do get questions and we do give feedback to a large number of people.

PRESIDENT KILBOURN: Yes, you do.

MS. FREUDENREICH: Okay. So, they're not all here, but... but what it is, the draft really is important to the public. We're just asking for the transparency of it. I'm curious, when you say that you're worried that they're draft minutes, it's the minutes of a meeting. How many times have you had major changes when it came up to voting on the minutes? Were they changed dramatically? I've sat through I don't know how many meetings, and I've never sat in a meeting where they go, man, this whole paragraph is wrong or whatever. I've never seen it. It's like -- it's calling you Duffy instead of Mr. Cluff.

UNIDENTIFIED MALE SPEAKER: (INAUDIBLE).

MS. FREUDENREICH: It's comments like that or little things like this. I don't see a major change, so I can't understand why you're so worried about a draft. We'll try to be very kind about it. We just want to try to keep up to date for it and we all can't be here.

PRESIDENT KILBOURN: Fair enough.

MS. FREUDENREICH: I do think draft -- and I'm sorry that there was no voting on it and I hope you'll bring it up at another time.

PRESIDENT KILBOURN: Thank you.

MS. TEAGUE: There was a vote.

MS. FREUDENREICH: They voted it down, so I hope they'll bring it up again.

MS. TEAGUE: Just following up on Beverly's comments, because I think we're getting your report. Todd, you said something about looking into live streaming and video, so would that mean that these meetings would be like selectmens' meetings where we can watch them?

GENERAL MANAGER SHEA: I think, as a transition, it wouldn't be that way. It would be -- when I came into Arundel, we revamped the website, got a camera, and the video would be posted the next day. So, really, there would be no need for minutes unless you didn't want to watch the video and you wanted to see the minutes.

PRESIDENT KILBOURN: We legally still have to keep minutes.

GENERAL MANAGER SHEA: We legally have to keep minutes, but legally, the minutes only have to be who was here, who voted, and what the vote was. There is no other detail required in minutes per state statute. But, what we're going to move to is video -- at least in the beginning, until we can find an economical way if possible, to live stream. What will happen, is the next day the video will get uploaded to the website and you'll be able to watch that video.

MS. TEAGUE: And when will that happen?

GENERAL MANAGER SHEA: We -- well, the new --

MS. TEAGUE: Approximately; are we talking summer, next year?

GENERAL MANAGER SHEA: We are talking before -- I would hope before the end of this year, and I'm trying to be a little conservative. I'm hoping that it will happen sooner than that, but if there are any unrelated snafus or it's getting the right equipment and just getting it, making sure the bugs work out so that we can record those videos and put -- what we do is, I would record the meeting, upload it to Youtube, KLPD would have a Youtube channel, we'd link that Youtube channel on our website.

MS. TEAGUE: Okay.

GENERAL MANAGER SHEA: That would be the most -- the simplest way to do it, and then it gets exponentially more expensive to do live streaming, so I'm not sure if that will be -- it's not in the District's budget for this year, possibly for next year.

MS. TEAGUE: Yeah. I mean, that would be terrific. It would be very useful.

PRESIDENT KILBOURN: Just as a Board member, I'd comment that I don't believe the Board has asked you to build a website that's capable of doing this --

GENERAL MANAGER SHEA: Right.

PRESIDENT KILBOURN: We haven't yet voted to --

GENERAL MANAGER SHEA: Nope. Absolutely not.

PRESIDENT KILBOURN: -- video our meetings.

GENERAL MANAGER SHEA: Just something to --

PRESIDENT KILBOURN: Just to be aware of.

(Whereupon, various conversations were occurring simultaneously and disseminating characters for transcription purposes was not possible.)

PRESIDENT KILBOURN: Thank you. We heard it. Other comments?

TRUSTEE BARTILUCCI: Do you need a cameraman?

PRESIDENT KILBOURN: There you go.

MS. TEAGUE: Hey, yeah.

PRESIDENT KILBOURN: All right. Thank you, very much.

GENERAL MANAGER SHEA: May I --

PRESIDENT KILBOURN: Sure.

GENERAL MANAGER SHEA: I appreciate Peter's depth of knowledge. I really do appreciate it, Peter. okay? I just want to acknowledge a few facts: Is that Dane Perkins and Twine Mill were both built in 1982, right Peter, roughly?

MR. ASHLEY: They were assembled on the river.

GENERAL MANAGER SHEA: A lot of angst and anger goes into these Board members for not doing routine maintenance, and that's 34 years ago, 35 years ago in the making. So, it's not -- it's a cumulative lack of regular preventative maintenance that has gotten us here and so --

MR. ASHLEY: I understand.

GENERAL MANAGER SHEA: -- that weighs on this board. It reflects on this board poorly. And I just want to clarify that it's not this board that got us to this point.

And I also -- and I don't typically like to commend myself to things, but 30 days is nothing compared to what it used to be, and I have been here two years, and I would hope that the Board would stand up for the fact that there's a huge -- there's a reason that people are here, because I came to this district, made a concerted effort to make sure that, even if it were by shock factor, that you people were here.

I've heard from several river abutters: "I had no idea what was going on. I had no idea what was going on." If you, please, think back and try to figure out when you started hearing, and I'm not going to give myself all the credit, but I think that I have helped this district become more transparent. It has helped the District and I take a lot of scrutiny for it, because people are now looking at what's going on.

But look back and see that months, and months, and months would go by before any minutes would be approved, and if you want to see the minutes that existed before Kathleen started taking them, nothing against the people who were doing it in the past, but Kathleen's minutes are light years ahead of anything you'll see prior to June of 2015.

So, this board isn't responsible and I'm not responsible. I'm the one that has to shoulder the issues of preventative maintenance, but I'm just the one that is here now. I'm not passing the buck, because I know that there are things that may or not be able to be done that could or could not be cost effective, but we're here for a reason.

And just to clarify a statement that Albert, you use, and I've spoken with past administrators about this before, none of us have ever considered the energy revenue stream. It's an avoided cost. It does save us money, but we do not -- it hasn't been considered a revenue stream. Just to make the -- for me, it's an avoided cost. To you, it's a revenue stream. It is the same thing, but that's not what we consider it.

And there's a considerable amount of frustration on my part because I took the job, and here I am, and this is what we're dealing with. But, I just wanted to let you know that this board

isn't the reason. None of the boards -- it's a strategic planning process that should have been done 35 years ago.

PRESIDENT KILBOURN: In all fairness, some of us have been here longer than others.

GENERAL MANAGER SHEA: But --

PRESIDENT KILBOURN: -- and every year that we're here, there's an opportunity for making decisions or not making them, and I think we bear, all of us, some responsibility. I think your point is well taken and I think you've got some pretty clear guidance; that we want to do our best to catch up.

GENERAL MANAGER SHEA: And with that, I'm going to stop editorializing in any meetings from here forward.

MR. ASHLEY: I'd like to say, that Todd has been very welcoming to my suggestions and it's just a matter of, there's a lot on his plate, how fast things can change, and we don't always agree -- disagree. I still think it would be a good idea for a pellet stove in his house.

GENERAL MANAGER SHEA: I knew that was coming.

MR. ASHLEY: And I'm saying, listen, you're a busy guy. You can't stand there and chop wood, and saw wood, and take it in the house, and bring all that sawdust into your wife. I suggest a pellet stove.

TRUSTEE CLUFF: It may be de-stressing to be out there.

PRESIDENT KILBOURN: Peter, we needed a little bit of levity at that point. Thank you very much.

MR. ASHLEY: You're welcome.

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Public Comment Period and Verbatim Transcript

Concluded at 7:50 p.m.

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Whereupon, Item X, Executive Session for Legal Advice, RE, NextEra Energy PPA, occurred. With no further discussion, President Kilbourn made a motion to move into Executive Session, it was seconded by Trustee Cluff.

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Executive Session

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Whereupon, the Board came out of Executive Session at 8:45 p.m.

Whereupon, Item XI, Tentative Board Review and Approve NextEra Energy Solar PPA, occurred. President Kilbourn made a motion to approve the contract as proposed, authorizing General Manager Shea to execute it on behalf of the Board, at the offering that NextEra Energy has made for a 20 year deal, per an email received from a representative of NextEra Energy, dated April 24, 2017 at 5:27 p.m. The motion was seconded by Trustee Cluff. A discussion ensued in which Trustee Cluff stated he was not in favor of a 30 year contract. President Kilbourn stated he is in support of the contract as it is cheaper than the current price and it's clean energy. The Board discussed the contract further, with Vice-President Berry discussing the term and rate.

Whereupon, President Kilbourn asked for a vote.

Whereupon, with unanimous ayes heard, the Board approved the NextEra Energy Solar PPA.

Whereupon, Item XII, Date of Next Meeting, Strategic Planning Workshop, May 16, 2017, 6:00 p.m., District Offices; May 30, 2017, 6:00 p.m., District Offices, was stated. .

Whereupon, Item XIII, Board Recommendation for Agenda Items for Next Meeting, occurred. The Board was asked to review the SWAT video that was provided to the Board members prior to the next meeting. He also advised the Board to forward any agenda items they might have to General Manager Shea.

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

Whereupon, with unanimous ayes heard, the meeting adjourned at 9:00 p.m.

Attest: _ Bob Emmons, Clerk