

Westfield Gas & Electric Municipal Light Board Regular Meeting Minutes August 7, 2019



Location: Gas & Electric Operations Center, 40 Turnpike Industrial Rd. Conference Room, Westfield, MA

The meeting was called to order at 7:00 p.m.

I. **Call to Order** – Chairman called the meeting to order.

II. **ROLL CALL** was taken as follows:

Present:

Ward #1 Commissioner, Kevin M. Kelleher
Ward #2 Commissioner, Ray Rivera
Ward #3 Commissioner, Dawn Renaudette
Ward #4 Commissioner, Francis L. Liptak
Ward #5 Commissioner, Thomas P. Flaherty
Ward #6 Commissioner, Robert C. Sacco
Appointed Commissioner, A. Edward Roman

Absent:

Present: 7 Absent: 0



III. **PLEDGE OF ALLEGIANCE**

IV. **READING OF THE RECORD:**

On motion by Commissioner Flaherty, seconded by Commissioner Liptak, it was unanimously:

VOTED: To accept the minutes of the July 10, 2019 Regular Session Meeting of the Municipal Light Board as presented.

V. **PUBLIC PARTICIPATION:** Robert Brogle introduced himself to the MLB indicating that he was running for the Ward 3 seat on the MLB and looked forward to working with the MLB.

VI. **COMMUNICATIONS RECEIVED BY GAS AND ELECTRIC:** None

VII. **REPORTS FROM THE GAS & ELECTRIC:** None

VIII. **OLD BUSINESS:**

- a) **CAF II Update and IGA with City** - The Manager indicated that as discussed at the July 10, 2019 MLB meeting and previous meetings, WG&E had been awarded from the Federal Communications Commission's Connect America Fund Phase II Grant for the benefit of the 20 towns in Western Massachusetts. The Grant amounts to \$10,325,401. The FCC regulations require that a letter of credit be established for the benefit of the FCC should the networks not be completed within a specified period of time. The funds are being distributed over a 10-year period prior to the work being completed. There have been ongoing discussions as to the ability of the City to enter into a letter of credit. The letter of credit also requires a backup account be established with Berkshire Bank to collateralize the letter of credit. The state is assisting in procuring the letter of credit through Berkshire Bank by contributing \$1 million to its own escrow account and paying all fees associated with the letter of credit. The City engaged its bond counsel, who WG&E agreed to reimburse, to issue an opinion with respect to the letter of credit. Their opinion, although not formally written, appears to indicate that in that its collateralizing a federal grant that it is a grant and thus needs to be accepted by the City Council. In that WG&E cannot set up its own bank accounts, the City has to establish the bank account. The City Solicitor and City became concerned that should anything occur where there would be any liability back to the City for the collateral account or the FCC clawing back the money due to the networks not being completed, they wanted WG&E to indemnify and hold the City harmless. Attorney Welch indicated that he had drafted an Interdepartmental Agreement, consistent with discussions in the Mayor's office with the Mayor, City Solicitor, City Treasurer and the Manager to protect the City. The Mayor has called a special meeting of City Council for August 15, 2019 to have the City Council accept the grant and authorize the City entering into the Interdepartmental Agreement which is being presented to the Board today for authorization. A letter from Governor Baker was then referenced, which is addressed to Ralph J. Figy, City Council President, and indicates that providing broadband services to Western Massachusetts is one of the Governor's administration's top priorities for Western Massachusetts. The letter further indicates that the state and WG&E have been working to ensure that there is no financial risk to the City, WG+E or other towns. Commissioner Flaherty asked questions relating to the transaction and why the accounts were being setup. Attorney Welch indicated while there is indemnification to the City from the Gas & Electric, the collateral account at all times would equal the money received from the FCC. As the grant money comes in the grant money is deposited in the collateral account. Therefore, should the FCC seek return of the money the money would be in that collateral account to be returned to the FCC. There are separate agreements with each of the 20 towns agreeing to the arrangement and letter of credit and that they will receive no funds until their systems are completed and the FCC has released the letter of credit. Commissioner Liptak inquired as to if all of the towns needed to reach the 95% threshold in order to have the funds released. The Manager indicated that 95% of the aggregate of the towns needed to build their systems out before the money is released. Thus, if one or more systems do not complete so that in the aggregate build is not 95%, the monies would be returned to the FCC and the account which are collateral would then be paid to Berkshire Bank. Commissioner Flaherty inquired as to when the annual payment of \$1 million is to be paid. IT Manager Leary indicated that it would initially be distributed within 60 days of the final award and then regularly from then on. If money is expected to be received on a monthly basis from the FCC it would then flow through the G+E to the City to the Berkshire Bank accounts. Chairman Sacco inquired as to the necessities for the accounts. Attorney Welch explained that a private company would take out a letter of credit,

which is required by the FCC Grant, and they would not fund it as collateral they would take a loan. In that the City does not wish to enter into a loan, collateralizing the line of credit without a loan was felt to be the best approach. The City has retained bond counsel who has indicated that they look at this as a grant being collateralized. Based on that determination, a City Council vote is needed to accept the grant. Commissioner Flaherty asked if there are any out-of-pocket fees to be paid. Attorney Welch indicated that MBI is fronting \$1million into a separate escrow account and has agreed to pay all administrative expenses including WG+E and the City's out-of-pocket expenses. Chairman Sacco inquired as to the agreement having a provision with respect to paying City fees. Attorney Welch indicated eligible out of pocket fees are expected to be bond counsel costs, any increase to the City's accounting cost by an outside auditor to account for these funds and any transaction fees such as wire transfers. Commissioner Flaherty inquired as to how much each town would receive. IT Manager Leary indicated it is based on the number of customers for each individual town and the amounts are listed by the FCC. The MLB continued to discuss the matter. A recommended vote was presented to the MLB for consideration.

On motion by Commissioner Flaherty, seconded by Commissioner Liptak, it was unanimously:

VOTED: that Westfield Gas & Electric Light Department has received a grant from the Federal Communications Commission ("FCC") for its "Connect America Fund Phase II, WC Docket 10-90" Program (the "FCC Grant"). The purpose of the FCC Grant is to provide funding to various towns in the Commonwealth of Massachusetts for a build out of broadband services to those towns for which WG&E expects to act as Project Manager; and

that the FCC Grant requires the establishment of a letter of credit in the amount of the FCC Grant should the towns fail to comply with the FCC requirements; and

that the Commonwealth of Massachusetts through the Massachusetts Technology Collaborative ("MTI") has agreed to provide the required letter of credit thru Berkshire Bank. The letter of credit requires that MTI and the City of Westfield establish collateral accounts with Berkshire Bank where the funds from the FCC Grant, as received, would be deposited in such City account to collateralize the letter of credit; and

that the Westfield Gas & Electric Light Commission requests the City of Westfield to accept the grant and established the collateral accounts with Berkshire Bank as required by the FCC Grant; and

that the City has requested and Westfield Gas & Electric Light Department Commission agrees to indemnify the City should there be any liability to the City in meeting the requirements of the FCC Grant; and

that the Manager is hereby authorized and directed to execute an Interdepartmental Agreement between City of Westfield and Westfield Gas & Electric Department FCC CAF II Grant substantially in the form of the draft Interdepartmental Agreement dated August 1, 2019 and presented to the MLB; and

that the Manager is hereby authorized and directed to take any other action he deems necessary or advisable to carry out the purposes of this vote.

IX. NEW BUSINESS: None

X. ADJOURNMENT

On motion by Commissioner Flaherty, seconded by Commissioner Liptak, it was unanimously voted:

VOTED: To adjourn the Regular Session portion of the meeting.

Chair Sacco declared the meeting adjourned at 7:20 p.m.

A TRUE RECORD.

Attest:


Robert C. Sacco, Chair

Title	Author	Date
Interdepartmental Agreement FCC CAF II Grant between City of Westfield and Westfield Gas & Electric Light Department		August 1, 2019
Recommended Vote – IGA With City of Westfield		
Letter to Westfield City Council	Charles D. Baker, Governor	August 5, 2019



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CHARLES D. BAKER
GOVERNOR

KARYN E. POLITO
LIEUTENANT GOVERNOR

August 5, 2019

Ralph J. Figy, Council President &
Members of the Westfield City Council
City Hall
59 Court Street
Westfield, MA 01085

Dear Members of the City Council:

We are approaching the one-year anniversary of my visit with Mayor Sullivan and other leaders at Westfield Gas and Electric to discuss and celebrate the crucial role that WG+E is playing to bring broadband access to unserved towns—my top priority for the western region of the Commonwealth. I continue to be impressed with the progress being made by the towns representing more than forty percent of the homes needing broadband service in western Massachusetts that have relied on WG+E to plan and implement their projects.

It has recently come to my attention that WG+E will soon seek your approval to take certain actions needed to accept the \$10.3M award WG+E received on behalf of its clients from the Federal Communication Commission's Connecting America Fund (CAF) reverse auction. These actions would include opening a bank account to receive the FCC funds and pledging those funds as security for the letter of credit while they remain in escrow.

For the last nine months, my Administration has worked tirelessly with WG+E to take all of the steps necessary to receive the FCC funding and to ensure that there is no financial risk to the City, WG+E or the towns. My primary objective with this letter is to underscore the importance of this federal funding to achieve our shared goal of expanded broadband access, and to urge an affirmative vote by the City Council as soon as possible.

I wish to convey gratitude to the City and WG+E. Without the leadership of Westfield and the WG+E team we would still be years away from solutions for many western Massachusetts households. I look forward to celebrating in Westfield with you once the FCC funding has been released.

Sincerely,

A handwritten signature in cursive script, appearing to read "Charles D. Baker".

Charles D. Baker
Governor

cc: Mayor Brian P. Sullivan