

**BOARD OF FINANCE  
REGULAR MEETING  
FEBRUARY 25, 2019**

The Milford Board of Finance held its Regular Meeting on Monday, February 25, 2019, in Conference Room B of the Parsons Complex. Acting Chairman Lema called the meeting to order at 5:32 p.m.

**II. Roll Call**

Board Members Present

Brian Lema  
Joseph J. Fitzpatrick, Jr.  
Joseph Castignoli (5:35 p.m.)  
Lauren Ranges  
Scott Moulton

Also Present

Benjamin G. Blake, Mayor  
Peter Erodici, Finance Director

**III. Consideration of Minutes of December 17, 2018**

Ms. Ranges and Mr. Moulton made and seconded a motion to approve the minutes of the Regular Meeting held January 28, 2019. Motion carried unanimously.

**IV. Correspondence**

None

**V. New Business**

Chairman Lema stated there is a request to add Item C to agenda an ordinance authority the City to enter into an energy service agreement for the purchase of electricity.

Mr. Fitzpatrick and Mr. Moulton made and seconded a motion to add to the agenda an ordinance authority the City to enter into an energy service agreement for the purchase of electricity. Motion carried unanimously.

Chairman Lema stated this would be added as new business item C.

**A. Consideration of Budget Memo Transfer #7, Fund 10, FY 19.**

Ms. Ranges and Mr. Fitzpatrick made and seconded a motion to approve Consideration of Budget Memo Transfer #7, Fund 10, FY19.

Mr. Fitzpatrick asked if there was a need for computer software and maintenance. Chris Angeli, Library Director explained where the funds would be moved and the purpose for those funds.

Ms. Angeli discussed moving to bibliomation. She also discussed the increase in electronic media and that prior it was budgeted at \$6,500 and that \$10,500 has been requested in the 19/20 budget.

There being no further discussion, motion carried unanimously.

B. Consideration of Budget Memo Transfer #8, Fund 10, FY 19.

Ms. Ranges and Mr. Fitzpatrick made and seconded a motion to approve Consideration of Budget Memo Transfer #7, Fund 10, FY19. Motion carried unanimously.

C. An Ordinance Authorizing the City to Enter into an Energy Services Agreement for the Purchase of Electricity.

Mr. Fitzpatrick and Mr. Castignoli made and seconded a motion to enter into an energy service agreement for the purchase of electricity.

Jonathan Berchem, City Attorney, thanked the Board for considering this item on such short notice. Attorney Berchem stated the energy services agreement is for a proposed 900 kilowatt installation at the Beaverbrook treatment facility that over 20 years will provide 3.2 million in energy savings. Attorney Berchem explained the reason this is before the board is that Bloom Energy has a policy of not including non-appropriation clauses in their agreements. The City's Bond counsel and energy consultant thought the Board should approve this as it will be reflected in the budget for energy costs. Attorney Berchem further explained this is a power purchase arrangement.

Chris Saley, Public Works Director discussed how the fuel cell works. He stated that it will produce 7.5 million kilowatt hours per year. A percentage will be used at the host location and offset other locations. Mr. Saley stated the savings is approximately \$0.025 per kilowatt. He also explained that this system will not go offline during a storm event. There is no capital outlay and provides savings on energy costs.

Attorney Berchem stated that this process started in the Fall of 2016 when the City with Greenpoint Energy received LREC through the state. Subsequent thereto projects were put on hold and are now coming back to life. After negotiating the energy saving agreement and the construction schedule in order to take advantage of the LREC the fuel cell must be up and running by first quarter of 2020.

Mr. Fitzpatrick asked if this item needs a 30 day notice to the public. Attorney Berchem stated it can be added to the agenda with a 2/3's vote. Mr. Fitzpatrick stated he does not see Beaverbrook under Schedule A. Mr. Saley stated the properties on Schedule A are placeholders and can be adjusted on a yearly basis.

Mr. Castignoli asked if the host site will be determined at a later date. Mr. Saley stated the host site is Beaverbrook and that will not change. Mr. Castignoli asked who the lender and borrower is under the contract. Attorney Berchem stated it is the supplier's lender and we are the borrower. Mr. Castignoli asked if this will be under the City's credit. Peter Erodici, Finance Director stated it would have to be disclosed. Mr. Castignoli asked what the cost over the 20 year period is to the City. Attorney Berchem explained we do not own the units and that this is a 20 year obligation to buy electricity at

the rate. Mr. Erodici explained the agreement would need to be disclosed and that this is not the same as a TELP, but rather a power purchase agreement. Mr. Castignoli asked if this would go into the calculation that affects credit rating. Mr. Erodici stated it is noted on the financial statements and could affect credit.

Mr. Fitzpatrick asked if the service fee is part of total cost. Attorney Berchem stated that was included in the total cost. Mr. Saley provided an explanation of the fees over the life of the contract. He further stated this is a model based on gas but it is difficult to predict for the full contract term. Mr. Saley stated he feels this is a good deal for the City not only cost, but also resiliency.

Mr. Fitzpatrick asked if the termination fee decreases each year. Mr. Saley stated the early termination fee does decrease until it zeros out. He also stated that at the end of the contract the City can purchase the equipment or renew the program depending on technology at that time. Mr. Fitzpatrick asked what happens if Bloom Energy ceases to operate. Mr. Castignoli stated another company would take over.

Mr. Fitzpatrick asked if this needed to be discussed with the bondholders. Mr. Erodici stated it should not affect the bond rating due to ability to pay, but it would need to be disclosed.

There being no further discussion, motion carried unanimously.

#### **VI. Staff Report**

None.

#### **VII. Adjourn**

Being no further business, Mr. Castignoli and Mr. Fitzpatrick made and seconded a motion to adjourn. Motion carried unanimously.

The Board adjourned at 5:58 p.m.

Respectfully submitted,

  
Toni Jo Weeks  
Recording Secretary