

Board of Selectmen

June 17, 2020

Remote meeting via telephone conference call

Present:

- Board of Selectmen: Ms. Karen Johnson (Chair), Ms. Mary Power and Mr. Joseph Fisher
- Mr. Tom Mayo, Town Administrator
- Ms. Michelle Monsegur, Assistant Town Administrator
- Ms. Susan Murphy, Town Counsel

Call to order: 8:15pm

Ms. Johnson read the following statement:

“This meeting is being held remotely as an alternate means of public access pursuant to an Order issued by the Governor of Massachusetts dated March 12, 2020 Suspending Certain Provisions of the Open Meeting Law. You are hereby advised that this meeting and all communications during this meeting may be recorded by the Town of Hingham in accordance with the Open Meeting Law. If any participant wishes to record this meeting, please notify the chair at the start of the meeting in accordance with M.G.L. c. 30A, § 20(f) so that the chair may inform all other participants of said recording.”

Review and vote on the Asset Purchase Agreement between the Town of Hingham and Aquarion Water Company of Massachusetts, Inc. and Aquarion Water Capital of Massachusetts, Inc.

Ms. Johnson called the meeting to order and commented that there has been steady progress throughout the year toward closing the acquisition of the water company. She said that this effort began the day after the 2019 Town Meeting and has continued almost daily since then. She thanked the Town’s legal team, consisting of John Coughlin, Kerry Ryan, Susan Murphy, Kevin Feeley and Rick Manning, for their advice, hard work and superb negotiating during the entire process. She recognized the work of previous Boards of Selectmen, and Advisory Committees as well as over seven years of volunteering of the Water Company Acquisition Study Committee. She noted that the Transition and Evaluation Committee played a critical role in developing rules and regulations and an understanding of how the Town would move forward with its third party operator, Suez. She acknowledged the work of its members, Chair Jim Taylor, Scott Cyr, Joe Welch, David VonLoescke, and Dick Norman. Ms. Johnson went on to thank the Town’s consultants, Bob Gollage, Andy Gotleib, and Jeff Nutting, as well as Ryan Trahan and Mark White from Environmental Group. She emphasized the importance of understanding all aspects of such a highly regulated utility and highlighted the endorsement of the business plan by the Department of Environmental Protection. She thanked the Town’s financial team, consisting of Jean Montgomery and Sue Nickerson. She also acknowledged the team in the Board of Selectmen’s Office, Heidi Gaul, Sharon Perfetti, Sally Sinclair, Michelle Monsegur and Tom Mayo. She also noted the considerable contributions of Mary Power who has been working on the project for six years. Ms. Johnson said that the purchase of the water system allows the Town to evaluate and improve the water system for the good of both the ratepayers and the stressed watershed.

Town Counsel, John Coughlin, made some remarks about the structure of the agreement. He said that the Town had the statutory right, under the 1879 Statute, to purchase the water company. He noted that, at last year’s Town Meeting, the Town voted by more than 2/3 vote, to exercise the right to

purchase the water company and authorized the Board of Selectmen to take all actions necessary to complete the purchase. He noted that the Asset Purchase Agreement includes the terms, conditions, and the timeframe to complete the purchase. He further noted that, during the Interim, Aquarion has continued operations of the water company during the “good husbandry” period and will continue to do so until the closing date. He reviewed some of the details of the Asset Purchase Agreement, including assets included in the purchase and those not included. He said that the Agreement establishes the purchase date as July 31, 2020, as well as details of the closing.

Mary Power commented that the price of the water system was based on the Statute plus any Capital improvements made by Aquarion as approved by the Town during the “good husbandry” period, which began the day after Town Meeting. She said that, in the past year, the Town has approved investments of approximately \$3 million into the system, which will be added to the purchase price.

Mr. Fisher echoed Ms. Johnson’s comments regarding the incredible work done by many people, including Ms. Johnson and Ms. Power. He asked Mr. Coughlin to explain the Town’s assumed liabilities under the Asset Purchase Agreement. Mr. Coughlin said that the assumed liabilities are limited to assigned contracts that will come as part of the purchase of the system. He said that one example would be the lease of a cell tower on Aquarion’s property. He explained that the Town would receive that lease as an asset through the purchase of the water system and would assume any liabilities involved as a property owner. He said that Hingham would also take over the Water Balance Program. Because the Town will receive a credit for those funds, any obligations under the Water Balance Program would be the responsibility of the Town. He added that the Town would assume any liabilities under the Section 13 of the Statute, even though he did not believe that there were any.

Mr. Fisher also asked about contingencies that need to be satisfied prior to the closing. Mr. Coughlin explained that there are steps that need to happen in order to close the sale, including:

- An Operations and Maintenance tender under contract.
- Hingham must have the funds available to complete the purchase.
- The Town must have the approval of the DEP.
- A billing arrangement must be in effect.

Mr. Fisher also asked what water customers should expect during the transition process. Mr. Coughlin advised that there would be no changes until July 31. After July 31, Suez will assume operations of the water system. For an interim period, Eversource will continue to do billing as they do now for Aquarion. Eventually Suez will take over the billing.

Mr. Fisher commented that the contributions made by Mary Power have been incredible.

Mr. John Asher commented that he was extremely proud of the accomplishments of the Hingham Team during the past eight years. He noted that the purchase of the water company is a historic moment for the Town of Hingham. He extended a heartfelt thank you to all the people who have worked so hard for the Town’s ratepayers who, he felt, will benefit for many years to come.

Note: Ms. Power made a motion that the Board of Selectmen, pursuant to Article 10 of the 2019 Town of Hingham Annual Town Meeting and Chapter 139 of the Acts of 1879 (as amended) and all other

applicable laws do hereby vote to approve and sign the Asset Purchase Agreement in substantially the form attached hereto between the Town of Hingham and Aquarion Water Company of Massachusetts, Inc. and Aquarion Water Capital of Massachusetts, Inc. Mr. Fisher seconded.

Roll Call Vote:

Mr. Fisher: yes

Ms. Power: yes

Ms. Johnson: yes

Vote: Mr. Fisher made a motion, in furtherance of the motion just adopted, that the Town further authorize Mary Power to approve and execute all side letters, settlement statements, wire instructions and all closing documents on behalf of the Board of Selectmen to complete said purchase of the Water System. Ms. Power seconded.

Roll Call Vote:

Mr. Fisher: yes

Ms. Power: yes

Ms. Johnson: yes

Public Comment

None

Selectmen/Town Administrator Reports

Ms. Johnson reported that the Board received word from Lt. DiNapoli and Sgt. Kilroy that the outdoor movie night at the Scarlet Oak Tavern went very well last night. They will continue to work with the management at the Scarlet Oak Tavern to work through a few details.

Vote: Mr. Fisher made a motion to adjourn. Ms. Power seconded.

Roll Call Vote:

Mr. Fisher: yes

Ms. Power: yes

Ms. Johnson: yes

Meeting adjourned at 8:42pm

Documents: A complete meeting packet of supporting documentation is on file and available for public review in the Board of Selectmen's office.