

**SOUTH HADLEY ELECTRIC LIGHT DEPARTMENT
BOARD OF COMMISSIONERS MEETING
SELECTBOARD MEETING ROOM, TOWN HALL
JUNE 27, 2019 AT 6:00 P.M.**

Present for the Board: Gregory Dubreuil, Peter McAvoy, Anne Awad, Kurt Schenker (arrived 6:03)
Absent: John Hine

Present for SHELD: General Manager Sean Fitzgerald, Financial Manager Michael Conchieri,
Administrative Assistant Kim Mendoza

The meeting was called to order at 6:00 P.M. by Chair Gregory Dubreuil. There was a quorum, so
business could be conducted.

Minutes Approval:

5/23/2019 Open Session

Chair Dubreuil asked if everyone had the opportunity to review the minutes.

On a motion made by Ms. Awad and seconded by Mr. McAvoy, it was unanimously

VOTED: To approve the minutes of the May 23, 2019.

Public Comment:

There were no public comments.

Manager's Report:

Outages:

Mr. Fitzgerald stated that there were five outages last month impacting 147 customers. Four out of the
five outages were caused by downed trees. The fifth outage was due to animal contact with the repairs on
Pearl Street taking four hours for crews to restore power safely.

Renewable Legislative Update:

Mr. Fitzgerald started by reminding the Board about legislation that was proposed last year, to the Joint
Committee on Telecommunications, Utilities and Energy, which was defeated. The bill would have
required MLPs, including South Hadley, to adopt Renewable Portfolio Standard (RPS) Class I renewables
into their power supply portfolio. This would have meant that MLPs would need to have 80% of their
power supplied through Class I renewables of solar and wind. If this legislation had passed, it could have
stranded SHELD's \$55 million dollars of power supply investments and likely doubled all rates for South
Hadley customers. This issue is one of the most significant financial impacts SHELD has faced in
decades and there are ongoing organized efforts in support last year's proposal.

This year Senator Tom Golden (Middlesex District) and Senator Anne Gobi (Worcester, Hampden,
Hampshire and Middlesex Districts) authored a new bill called H2863. It is summarized as "An Act
relative to greenhouse gas emissions standards for municipal lighting plants, for the purpose of promoting
the Commonwealth's goals of reducing greenhouse gas emissions while acknowledging and preserving
the statutory scheme of chapter 64 which places municipal lighting plant operations, finances, and rates
under local control".

The bill was heard by the Joint Committee on Telecommunications, Utilities and Energy on June 18th. Mr. Fitzgerald attended the hearing to advocate for South Hadley, along with over 20 other MLP Managers, MMWEC, Energy New England and MEAM members. Mr. Fitzgerald also attended an Advocacy Day at the State House on June 25th, to promote and discuss the merits of the new bill. He met with Senator Jo Comerford's staff to advocate SHELD's position, on behalf of South Hadley.

In January of 2019, Mr. Fitzgerald sent letters requesting support for the new bill to Senator Jo Comerford and Representative Dan Carey. To date, he has received support only from Representative Carey. The new bill, which would include nuclear energy and hydro as renewable sources, has strong support from 57 legislators, MEAM (Municipal Electric Association of Massachusetts), MMWEC (Massachusetts Municipal Wholesale Electric Company), Energy New England and the majority of 41 Municipal Lighting Plants.

Mr. Fitzgerald continued to say that there is misinformation circulating which states that the MLPs lack commitment to renewable efforts. This is untrue, as SHELD is part of the new solar program, the electric vehicle grant program (and free chargers) and has commercial/industrial and residential efficiency programs. Our mission is to show the Department of Energy that MLPs are on board with the Commonwealth goals.

Ms. Awad was concerned that we did not have the commitment of the Senator Comerford. Mr. Fitzgerald stated that he had previously written two letters to her and it may be helpful if the Board members could write letters to her addressing the issue.

Communicator of the Year Award:

Mr. Fitzgerald explained that each year MEAM (Municipal Electric Association of Massachusetts) chooses one person who has demonstrated exceptional communication skills and contributes to the betterment of Public Power.

Mr. Fitzgerald announced that Kelly Frazier, SHELD's Marketing & Billing Coordinator has been chosen Communicator of the Year for 2019. He continued by explaining that Kelly has been instrumental in the development and implementation of Fibersonic service, the webpage and SHELD's social media pages. Kelly plays a key role in ensuring customers and employees understand our new online services and that they are functioning properly. Kelly always puts SHELD customers and coworkers needs first. Kelly's effectiveness shows in the high interest that customers have displayed in our new Fibersonic.com internet service. Mr. Fitzgerald congratulated Kelly, as he handed her the award, stating that she has done a phenomenal job. Kelly received a round of applause.

Mr. Dubreuil thanked Kelly for everything she does and has done to get Fibersonic to where it is today.

Fibersonic Update:

Mr. Fitzgerald gave a brief update on the fiber project stating that in one week Fibersonic would be connecting its first customer in the Ridge Road fiberhood. Installations will be continuing all summer, with 40-45 installs on the schedule so far. Right behind the Ridge Road area will be the Old Lyman Road area in August and the Hollywood fiberhood in September. Currently six more fiberhoods, with 1500 possible customers, are in the planning phase for 2020.

Mr. Fitzgerald presented a short video, another project Kelly implemented, on Fibersonic. He explained that videos have a lot of value on the website and on social media. More videos are planned that will show a number topics, including the installation process.

Ms. Awad stated that currently there is a listserv conversation, between concerned citizens, talking about 5G and communicating inaccurate information about fiber. We must be alert to these conversations that are spreading rumors, before they get out of hand.

Mr. Fitzgerald explained that fiber is different than 5G. SHELD is not doing 5G. Static fiber is a hard connection of light traveling over glass strands with no frequency and no emissions. It does not need to be wireless unless customers want wireless inside their homes. 5G is different; it's a Wi-Fi signal. Fibersonic is not 5G.

Mr. Dubreuil said it's exciting to see how far things have come so quickly. Mr. Fitzgerald credits the new telecom team and existing staff for stepping up to the challenge.

All Employee Luncheon Meeting:

Mr. Fitzgerald mentioned the Board's suggestion, last month, of having a Board sponsored meeting and lunch. He stated that he has received legal approval for SHELD to hold an all employee lunch and meeting on August 16 at the Boathouse in South Hadley. Employees will be served lunch and there will be employee recognitions and company updates will be shared with the staff. All of the Board members are invited to attend.

March 2019 Financials:

Mr. Conchieri referenced PowerPoint slides as he gave a brief overview of the Financials ending March 31, 2019.

Kilowatt hour sales for 2019 of 29,557,000 were down by 4% from 2018, or 1,189,000 kilowatt hours. Year-to-date revenues of \$3,726,000 were down by 4% from 2018, or about \$141,000.

The 2019 kilowatt purchases of 29,175,000 were down by 1% from 2018, or about 297,000. The 2019 cost of power sold at \$2,683,000 was down by about 1% from 2018, or \$27,000.

The net revenue, after cost of power sold (i.e., gross profit) of \$1,043,000 was down from 2018 by about \$114,000 because the decrease in cost of power was less than the decrease in revenue.

All other 2019 operating expenses of \$1,164,000, on a net basis, were up from 2018 by about \$88,000 and down from the budgeted amount by \$33,000. Salary and wage expense in 2019 were up \$1000 from 2018, and down from the budgeted amount of \$30,000. Pensions and benefits were down by \$3,000 from 2018 and up from the budgeted amount by \$24,000. 2019 supplies and expenses showed an increase of \$87,000 from 2018 and were down from the budgeted amount by \$18,000.

March 2019 ended with a net YTD profit of about \$142,000, which was better than the 2018 YTD profit of \$43,000.

Mr. Dubreuil had a couple of questions, which Mr. Conchieri readily answered, before moving on to new business.

New Business:

First Item:

Mr. Dubreuil asked the Board to look at a copy of a certificate regarding the sale of the Old Lyman Road parcels and to take a formal vote which would give Mr. Fitzgerald full authority to handle the sale of the property. Mr. Dubreuil continued to say that the Board had already voted similarly, twice before, so he was comfortable doing it again in "new business". This would enable Mr. Fitzgerald to be able to complete the certificate and execute the closing documents for the sale.

On a motion by Mr. Schenker and seconded by Ms. Awad, it was unanimously

VOTED: 1) that Sean Fitzgerald is the General Manager of SHELD and has been authorized by the Board to sell SHELD property known as Parcels A1, A2 and A3 Old Lyman Road, South Hadley, Massachusetts; and his true and correct signature appears below; and
2) that the Manager is hereby authorized and directed to take any action deemed necessary or advisable to carry out the purposes of this vote, including but not limited to execution of the deed; and
3) that the Manager is hereby authorized and directed to execute any other documents necessary to effectuate the purposes of the sale; and
4) that any actions previously taken by the Manager which are consistent with the purpose of this vote are hereby ratified and confirmed.

Second Item:

Mr. Fitzgerald stated that SHELD is in need of a new forklift, as the current one is 15 years old, and inventory deliveries have substantially increased. We now are operating out of two locations which requires us to move materials at both places. Management is requesting Board approval to utilize depreciation funds to purchase a new forklift at a cost of \$36,653. This purchase was not included in the budget when the Board initially voted on it, so a vote is needed to make the purchase. SHELD has procured three quotes and would like to purchase the Toyota forklift. This model has an additional safety feature which was the deciding factor for SHELD's decision.

On a motion by Mr. Schenker and seconded by Mr. McAvoy, it was unanimously

VOTED: to purchase a Toyota Model 8FDU32 as listed in the handout for the purchase price of \$36,653.00.

Ms. Awad stated that the DPU does not allow money generated by electrical services to be used for anything other than electrical service. She questioned whether we were handling the purchase correctly to satisfy that requirement. Mr. Conchieri explained that the current forklift was close to end of life but could probably last the five years that SHELD would need a second machine for the fiber construction project. He stated that purchasing a replacement forklift would be within the parameters.

Adjourn:

On a motion by Mr. Schenker and seconded by Ms. Awad, it was

VOTED: to adjourn to Executive Session to discuss competitive negotiations regarding real estate as discussing in open session may have a detrimental effect on SHELD's negotiating position. The Board does not anticipate returning to open session. It was unanimous by a roll call vote; McAvoy-aye, Awad-aye, Schenker-aye, Dubreuil-aye.

The open session ended at 6:39 P.M.



Anne Awad, Clerk

Approved: July 25, 2019

EXHIBIT A

List of Documents reviewed at the June 27, 2019 Municipal Light Board Meeting

1. Draft Open Session Minutes of the MLB May 23, 2019 meeting
2. Outages 6/24/2019 – YTD
3. Fibersonic Video
4. Management Report as of and for the periods ended March 31, 2019 and 2018
5. Certificate – Old Lyman Road Sale
6. Toyota Model 8FDU32 Forklift Information