

Electric Light Department
Town of South Hadley

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**SOUTH HADLEY ELECTRIC LIGHT DEPARTMENT
BOARD OF COMMISSIONERS MEETING
SELECTBOARD MEETING ROOM, TOWN HALL
JANUARY 26, 2017 AT 6:30 P.M.**

Present: Anne Awad, Chair
Vern Blodgett, Vice Chair
John Hine
Kurt Schenker
Gregory Dubreuil, Clerk

The meeting was called to order at 6:32 P.M. by Chair Anne Awad. Chair Awad noted the first item on the agenda was an Executive Session for the purpose of litigation strategy relative to the Hampshire County Court Action #1680CV00080. A motion made by Kurt Schenker and seconded by John Hine to go into Executive Session to discuss strategy with respect to litigation relative to the Hampshire County Court Action #1680CV00080 because discussing in Open Session may have a detrimental effect on the litigating position of SHELD and to return to Open Session following the Executive Session was voted unanimously by a roll call vote; Hine-aye, Blodgett-aye, Schenker-aye, Dubreuil-aye, Awad-aye.

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Present for Board: Anne Awad, John Hine, Gregory Dubreuil, Vernon Blodgett, Kurt Schenker

The meeting was called to order at 6:32 P.M. by Chair Anne Awad. A motion made by Kurt Schenker and seconded by John Hine to go into Executive Session, to discuss strategy with respect to litigation relative to the Hampshire County Court Action #1680CV00080 and to return to Open Session following the Executive Session, was voted unanimously by a roll call vote; Hine-aye, Blodgett-aye, Schenker-aye, Dubreuil-aye, Awad-aye.

The Open Session resumed at 7:25 PM.

Present for Staff: Paul Byrne – Interim Co-Manager, Michael Conchieri – Financial Manager, Kim Mendoza – Administrative Assistant

Public Comment:

Mr. Howard inquired about the Executive Session being prior to the Open Session and wanted to know if this was going to be the case in the future. Ms. Awad stated that Legal Counsel had joined the Board in the Executive Session and, because the Board anticipated a brief Executive Session, they didn't want the Lawyer to have to wait until the open session was concluded since we are paying them per hour. This will not be a common event.

Chair Report:

Ms. Awad stated that the Board met last week and took a unanimous vote to enter into a contract with Sean Fitzgerald to become the new General Manager for SHELD. Mr. Fitzgerald was at the meeting and he and the Board signed the contract. It's official. He will start towards the end of February. Ms. Awad briefly reviewed Mr. Fitzgerald's background. The Board thinks he will be a great leader for SHELD and will provide support to the staff.

Operations report:

Ms. Awad mentioned that Mr. Morrin, the Foreman who oversees operations, was on vacation but that he had emailed her a report. Everything is running smoothly; things are going well.

Business report:

Paul Byrne gave his report stating that his goals and objectives for 2017 were to utilize technology more for efficiency within the office and to improve communications. The current billing system was installed in 2013 and there are features that can be implemented including registers at the front desk and automated credit card payments at the counter. These are currently done manually. He wants to promote the Portal which will allow the ratepayers to look up past bills and to make payments online. He also would like to improve internal communications and revise the flow of paperwork which will help customers and contractors with their project status. Improvements to the website, making it more interactive and intuitive, are also on the list. He is looking to streamline some of the processes, with new technology, in hopes of not only making things easier for the customers but also producing more work with the same number of staff.

Some needed updates to the building, which have been on hold for years, were recently completed. The front office area was painted. Ten windows were replaced in upstairs offices. The glazing had fallen off most of them and the glass rattled when the wind blew.

Financial report:

Mr. Conchieri gave a Financial Statement Review for the eleven month period ending 11/30/16. Total kilowatt hour sales were approximately 104M, revenue was \$13.3M, cost of power was \$9.7M and all other operating expenses, excluding depreciation of \$1.0M, were \$2.1M. For that period we had a profit of \$326,000. We have a very strong balance sheet with assets of \$29.5M, \$5.1M in liabilities, and \$24.4M in equity.

When compared to the period ending 11/30/15, our kilowatt hour sales were up; however our revenue dollars were down. We sold more at a lower price. We purchased more but paid less which allowed us to sell it at a lower price. Operating expenses were about \$167,000 over 2015.

When compared to budget, kilowatt hour sales were higher but at a lower price. The result was that sales were down but the power cost was also lower than budgeted. Our operating expenses were \$46,000 higher than budgeted. The YTD profit was about \$145,000 less than budgeted. Kilowatt hour sales for the past three years have remained fairly steady.

Mr. Dubreuil then asked Mr. Conchieri if he was still carrying any liabilities from the former Manager on the balance sheet. Mr. Conchieri replied that he was waiting for the Board to make a decision on the policy to be able to make the necessary adjustments. Mr. Dubreuil suggested we were justified to make those adjustments based on the Inspector General's determination. This is what the payout was based on and that's all we owed. Mr. Conchieri wants to do adjustments only once, when the new policy is set.

Ms. Awad said the policy was interpreted differently by different people. We should be using the Inspector General's interpretation which would allow us to close out that bank of accrued time for departed employees.

Mr. Conchieri stated that a new policy may affect more than just people who have left. It is going to depend on when the Board decides vacation time is accrued and earned. He also mentioned that he sent Mr. Hine and Mr. Schenker a spreadsheet with his calculations, but he needs to clarify the policy to be able finalize it.

Ms. Awad wants the fiscal year closed out without the carried forward accrued time still on the books. She stated that she and Mr. Dubreuil are working as a financial committee and Mr. Hine and Mr. Schenker are working on personnel policy and this is mixing finance with personnel policy. In preparing for the year-end audit, Ms. Awad would like to see that off the books.

Again Mr. Conchieri stated it is going to depend on how the Board defines and sets the policy.

Mr. Dubreuil did not think we should be carrying a liability substantially higher than what the Inspector General determined we should pay and what we actually paid. That liability has been satisfied. Mr. Hine agreed and said that any changes to policy in the future would not impact calculations of the liability from past accruals. We would not go back and adjust any prior employee payouts as a result of changing current policies.

Ms. Awad said that the Board did not have the personnel policy with them but we should not be carrying forward accrued time from people who have already left. She asked Mr. Conchieri if he could make an adjustment to remove the inaccurate figures so we will be able to close out the year. He said that it could be done once the Board clearly defines what the policy is and then he could make that adjustment.

Mr. Dubreuil stated that he sees that the policy needs to be clarified to accurately adjust accruals for current employees but there should not be anything on the books for former employees. Whatever they were paid was final, for sick or vacation time, and we based it on the Inspector General's ruling.

Ms. Awad thought a motion would be helpful to Mr. Conchieri and asked for a motion.

Mr. Dubreuil made a motion, seconded by Mr. Hine.

(Motion: That the Board adjusts the accrued liabilities for paid time off, specifically vacation and sick time, to eliminate any liabilities being carried forward for any former employee and that it reflects only liabilities for current employees.)

Ms. Awad asked for discussion or clarification.

Mr. Byrne spoke up and stated that he doesn't think that the issue is for employees who are no longer here. The issue is when the employees get vacation, is it pre or post. We are all in agreement that only half can be carried over. For example, the employee works one year. They get no vacation the first year. At the start of the second year, they have 2 weeks of vacation time. It was earned the first year but taken the second year, so they are always a year behind. That is one interpretation. The carryover has been defined and is understood by everyone.

Mr. Conchieri confirmed that the issue is when is it earned, when is it credited, when can it be taken. Is it on the anniversary date or at the end of the year? The liabilities from former employees have been eliminated on the spreadsheet sent to Mr. Schenker based on the preliminary calculations. A motion is not needed. The adjustments haven't been made to the books yet, but in the calculations being worked on, the figures have been removed.

Mr. Dubreuil wanted confirmation that our balance sheet, as of December 31, does not include those amounts. Mr. Conchieri confirmed that they would not be included.
Mr. Dubreuil withdrew his motion.

After more discussion on the interpretation of the personnel policy, it was decided that the policy is not clear and needs to be looked at more closely. The Board will have a discussion of the current personnel policy, as it relates to sick and vacation time, at the next meeting in February. Mr. Conchieri indicated that the auditors will be here in March. Mr. Hine said the Board needs to look at the current language and how it has been interpreted and calculated until now. Then the Board can look at any parts that may need to be improved. Ms. Awad asked Mr. Conchieri to send the calculation worksheet to the other members along with how the policy has been interpreted in the past. The Board can then make a determination before the auditors come.

Minutes:

Approval of Open Session minutes - 9/1/15, 11/5/15, 11/30/16, 12/07/16

Discussion of minutes of September 1, 2015 – there were no edits.

On a motion made by Mr. Hine and seconded by Mr. Blodgett, it was unanimously VOTED: To approve the minutes of September 1, 2015.

Discussion of minutes of November 5, 2015 – Mr. Blodgett had some edits.

On a motion made by Mr. Hine and seconded by Mr. Schenker, it was unanimously VOTED: To approve the November 5, 2015 minutes, as amended.

Discussion of minutes of November 30, 2016 – there were no edits.

On a motion made by Mr. Blodgett and seconded by Mr. Hine, it was unanimously VOTED: To approve the minutes of November 30, 2016.

Discussion of minutes of December 7, 2016 – Mr. Blodgett had some edits.

On a motion made by Mr. Hine and seconded by Mr. Blodgett, it was unanimously VOTED: To approve the minutes of December 7, 2016, as amended.

Approval of Executive Session minutes - 12/7/16, 1/5/17, 1/12/17

Discussion of minutes of December 7, 2016 – Mr. Blodgett had some edits.

On a motion made by Mr. Hine and seconded by Mr. Schenker, it was unanimously VOTED: To approve the minutes of the Executive Session of Wednesday, December 7, 2016 but not to release, as amended.

Discussion of minutes of January 5, 2017 Open Session – no edits.

On a motion made by Mr. Hine and seconded by Mr. Blodgett, it was unanimously VOTED: To approve the minutes of the Special Meeting on Thursday, January 5, 2017.

Discussion of minutes of January 5, 2017 Executive Session – Mr. Blodgett had some edits.
On a motion made by Mr. Hine and seconded by Mr. Blodgett, it was unanimously
VOTED: To approve the Executive Session minutes of Thursday, January 5, 2017, but not to
release, as amended.

Later in the meeting, the Board revisited the Executive Session minutes of January 5, 2017 that
dealt with both the lawsuit and negotiations for the General Manger. The Board decided to
release the parts referring to the General Manager hiring but to not release the part referring to
Court Action # 1680CV00080.

On a new motion made by Mr. Hine and seconded by Mr. Dubreuil, it was unanimously
VOTED: That the portion of the minutes of the Executive Session of January 5, 2017, beginning
with paragraph five, be released.

The released minutes relate to the contract negotiations with the General Manager. The part of
the minutes referring to Court Action # 1680CV00080 was redacted.

Discussion of minutes of January 12, 2017 Open Session – no edits.

On a motion made by Mr. Hine and seconded by Mr. Blodgett, it was unanimously
VOTED: To approve the minutes of the Special Meeting of Thursday, January 12, 2017.

Discussion of minutes of January 12, 2017 Executive Session – Mr. Blodgett had some edits.

On a motion made by Mr. Dubreuil and seconded by Mr. Hine, it was unanimously
VOTED: To approve and release the minutes of the Executive Session of January 12, 2017, as
amended.

Review and consider release of earlier approved Executive Session minutes:

The Attorney General had indicated that any minutes previously approved, and voted not to be
released, must be reviewed occasionally to decide if that is still relevant.

Discussion on releasing Executive Session minutes of January 20, 2015.

On a motion made by Mr. Schenker and seconded by Mr. Hine, it was unanimously
VOTED: To release the minutes of the Executive Session held on Tuesday, January 20, 2015.

Discussion on releasing Executive Session minutes of November 5, 2015.

On a motion made by Mr. Hine and seconded by Mr. Schenker, it was unanimously
VOTED: To not release the minutes of the Executive Session held on November 5, 2015.

December 16, 2015

A review was made of Executive Session minutes of December 16, 2015. The minutes deal with
litigation relating to the Federal Lawsuit, which is still ongoing. No action was taken.

January 21, 2016

Discussion on releasing Executive Session minutes of January 21, 2016.

On a motion made by Mr. Hine and seconded by Mr. Dubreuil, it was unanimously
VOTED: To release the minutes of the Executive Session held on January 21, 2016.

May 3, 2016

A review was made of Executive Session minutes of May 3, 2016. These minutes discussed the Federal Lawsuit. No action was taken.

May 26, 2016

A review was made of Executive Session minutes of May 26, 2016. Mr. Dubreuil read in the Open Meeting Laws where Executive Session minutes could be released in part if there were multiple topics. There was a discussion concerning part of the minutes being redacted. The Board decided to release only paragraphs one and three. Paragraph two would not be released. On a motion made by Mr. Dubreuil and seconded by Mr. Blodgett, it was unanimously VOTED: To release all but the second paragraph of the Executive Session minutes of May 26, 2016 and that the second paragraph continue to not be released.

August 25, 2016

A review was made of Executive Session minutes of August 25, 2016. No action was taken.

September 1, 2016

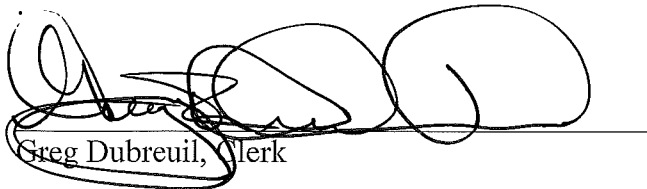
A review was made of Executive Session minutes of September 1, 2016. No action was taken.

Adjourn:

Ms. Awad asked for a motion to adjourn.

Mr. Schenker moved and Mr. Dubreuil seconded a motion to adjourn. The vote was unanimous.

The Open Session ended at 8:20 P.M.



Greg Dubreuil, Clerk

Approved: February 23, 2017