

**SOUTH HADLEY ELECTRIC LIGHT DEPARTMENT
BOARD OF COMMISSIONERS VIRTUAL MEETING
OCTOBER 22, 2020 AT 6:00 P.M.**

Present for the Board: Chair Gregory Dubreuil, Vice-Chair John Hine, Anne Awad, Peter McAvoy, Kurt Schenker (arrived 6:07)

Present for SHELD: General Manager Sean Fitzgerald, Financial Manager Michael Conchieri, Administrative Assistant Kim Mendoza, Sr. Engineer Mark Gilmore

The virtual meeting was called to order at 6:00 P.M. by Chair Dubreuil.

Minutes Approval:

9/22/2020 Executive Session

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

VOTED: To approve the minutes of the Municipal Light Board Executive Session of September 22, 2020, not to be released.

9/24/2020 Open Session

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

VOTED: To approve the minutes of the September 24, 2020.

Public Comment:

There were none.

Manager's Report:

Outages:

On October 7th South Hadley, and the region, experienced a derecho or fast-moving complex line of thunderstorms which caused significant damage in town. The storm brought down large trees in multiple locations damaging poles, lines, and equipment. 2,124 customers were affected with power restored to 95% within 7 hours. Across the state there were 200,000 electric customers affected by the storm. This year has been one of the more challenging for SHELD due to several severe damaging storms. Thank you to the crews, and the office staff, for their dedication and commitment to our customers.

Fibersonic Update:

A comprehensive internal review of our AMI RFP responses has been done. We are in process of narrowing down our final vendor selections. Thank you to Mark Gilmore for all his work on the RFP. We hope to have a decision in the next 30 to 45 days.

Fiber construction and installations have continued according to schedule. Construction at both fiber central offices continues to be on schedule.

COVID-19 Update:

We continue to operate as an essential business with our in-person customer service office closed to the public. We have been speaking with other MLPs and are monitoring the State recommendations. There are no changes at this time.

Mr. McAvoy commented that on all the social media sites he frequents people are constantly expressing appreciation for the work of the SHEL D crews getting power restored when there are outages. Also, they all state they like Fibersonic. It is rare to hear a negative comment about SHEL D. Mr. Fitzgerald was glad the positive comments were reaching Board members.

Mr. Dubreuil commented that it was amazing that 20% of South Hadley customers were without power after the last storm and 95% were restored within 7 hours. He also asked if the AMI Meter bid included installation. Mr. Fitzgerald stated that SHEL D would be installing all the new meters. We may need to hire part time help. Mr. Gilmore said the plan was to install 8-10 meters per workday over a 3-year period with our current staff. Sometimes it might be possible to shift someone from another project for coverage, if needed.

August 2020 Financials:

Mr. Conchieri referenced PowerPoint slides as he gave a brief overview of the Financials for the month ending August 31, 2020.

Kilowatt hour sales for 2020 of 74,202,000 were down by 1% from 2019, or 799,000 kilowatt hours. Year-to-date operating revenues of \$9,121,000 were down by 3% from 2019, or about \$287,000. The \$287,000 decrease consisted of \$100,000 in lower volume and \$187,000 in a lower selling price. We had budgeted for a \$22,000 revenue increase; the actual was a \$309,000 decrease.

The 2020 kilowatt hour purchases of 76,472,000 were down by 2% from 2019, or 1,330,000. The 2020 cost of power sold at \$5,952,000 was down by about 11% from 2019, or \$701,000. The \$701,000 decrease consisted of \$114,000 attributable to a lower kilowatt hour purchase volume, and \$587,000 due to a lower purchase price. We had budgeted for a cost decrease of \$477,000; the actual was a decrease of \$223,000.

The decrease in revenue was less than the decrease in cost of power; therefore, the net revenue of \$3,429,000 was up from 2019 by about \$697,000. The actual to budget decrease in revenue was more than the actual to budget decrease in cost of power; therefore, the actual net revenue was down from the budgeted amount by \$167,000.

All other 2020 operating expenses of \$3,867,000 on a combined basis, were up from 2019 by about \$616,000 and up from the budgeted amount by \$161,000.

August 2020 ended with a net YTD loss of about \$215,000, which was less than the 2019 net YTD profit of \$233,000 and was lower than the budgeted amount of a \$122,000 profit.

Ms. Awad asked Mr. Conchieri if he had looked forward to the projections for next year's budget, and what adjustments we might need to make to projections of income and loss. Mr. Conchieri said he had not started that process yet but there were a lot of things to consider and he would be working on it to present the 2021 budget at the next meeting.

Authorization of Reimbursement, Pooled Loan Program Loan Agreement:

Mr. Fitzgerald summarized that the Board originally approved the Fiber and AMI expansion project in October of 2018 utilizing internal financing. Low interest rates are currently available through MMWEC's pooled loan program allowing SHELd to borrow for the project's capital needs while maintaining internal reserve funds. The reimbursement portion of the vote authorizes SHELd to seek reimbursement for up to 18 months of expenditures relating to the project.

SHELd has a proven history of borrowing through MMWEC as evidenced with our power supply contracts. MMWEC has roughly 50 years of successful tax-exempt debt issuance for MLP projects which makes it the best source for our financing needs. MLPs have been using MMWEC's joint action authority to borrow for decades.

Mr. Hine motioned:

I hereby move that the SHELd Board of Commissioners adopt, without the necessity of reading the same into the record, the proposed Vote to authorize and approve SHELd's participation in MMWEC's Pooled Loan Program and the execution of the Pooled Loan Program Loan Agreement and Promissory Note, as written and as previously circulated to the Board and made a part of the record of this meeting.

The motion was seconded by Ms. Awad, there was no discussion, and the Board voted unanimously in favor of the motion.

Reimbursement Resolution:

Mr. Hine motioned:

I hereby move that the SHELd Board of Commissioners adopt, without the necessity of reading the same into the record, the proposed Reimbursement Resolution, as written and as previously circulated to the Board and made a part of the record of this meeting.

The motion was seconded by Ms. Awad, there was no discussion, and the Board voted unanimously in favor of the motion.

General Manager Review:

Mr. Dubreuil stated that the General Manager's contract included an annual review. Each Board member prepared a review and comments then Mr. Dubreuil compiled them into one document. Mr. Dubreuil gave a quick overview of the rating system used by the Board in reviewing the Manager. He stated that in the past, Board members read the title and description of the specific goals, followed by Mr. Fitzgerald's average score, and would also read one of the individual comments submitted by Board members. Since this did not seem practical in this setting, Mr. Dubreuil suggested he read the category name followed by the rating Mr. Fitzgerald received.

The review will become a part of the meeting documents, he stated.

Mr. Dubreuil continued by stating that Mr. Fitzgerald was evaluated in eight categories on a scale of one to five, where a rating of one indicates he rarely meets his goals, and a rating of five indicates he always exceeds his goals. Mr. Dubreuil indicated that Mr. Fitzgerald's overall average rating for the eight categories was 4.59. He then listed each category and rating: Technical Expertise rating was a 4.2, Administrative Management rating was a 4.50, Communication skills rating was 4.50, Personnel Management rating was 4.40, Community Relations rating was 4.80, MMWEC/other municipal utility companies/other power entities relationships rating was 4.90, Compliance Activities rating was 4.50, and Strategic Planning rating was 4.90.

Mr. Dubreuil also stated that the Board made some suggestions for goals which would be addressed later. The next step was for a committee of two Board members to negotiate salary with Mr. Fitzgerald. At the December meeting, the committee will make their recommendations to the rest of the Board members and they would vote. Mr. Dubreuil asked for a volunteer to take his place and work with Mr. Hine on the committee. Ms. Awad volunteered.

Mr. Dubreuil congratulated Mr. Fitzgerald on an outstanding evaluation stating it had been a challenging year between working with COVID, the storms, and the continuing installations for Fibersonic, but that Mr. Fitzgerald had risen to the challenge. Mr. Hine agreed with Mr. Dubreuil and said they were very fortunate to have Sean aboard. He has transformed the department and Fibersonic. He stated that he looks forward to working with Sean to complete the projects that have been started.

Mr. Fitzgerald thanked the Board. He said he is proud of his Staff who makes everything happen. The fiber launch is one example of doing things correctly. There was a lot of investigation before embarking on this project. Also, the work by the crews, especially when there is an outage, is outstanding. It has been a great team effort. The Board has been great, and it has been very beneficial to him to have continuity of Board members for the past three years.

Next Meeting Date:

Mr. Dubreuil reminded everyone that the Thursdays for the November and December meetings usually fall on or near the holidays, so they have been combining the two meetings into one in the beginning of December. He suggested December 3rd to the Board. They all agreed they are available that day. The next Light Board meeting is Thursday December 3, 2020 at 6:00 PM.

Old Business:

There was none.

New Business:

Mr. Dubreuil informed everyone he, along with the Board members, had received an invitation to a Zoom webinar on November 10, 2020 at 7:00 PM presented by Redevelopment Authority who has received a Massachusetts DHCD Downtown Initiative Grant to envision the conversion of

the SHELD property into other uses. He encouraged the other Board members to attend. Mr. Fitzgerald commented that SHELD's Strategic Plan lists working in collaboration with the Town for grants and SHELD supports their efforts as much as possible.

On other new business, Mr. Fitzgerald told the Board that they needed to sign the Pooled Financing Agreement and that Kim would be reaching out to them to arrange to get their signatures on the document.

Adjourn:

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

VOTED: To adjourn

The open session ended at 6:31 P.M.

A handwritten signature in black ink, appearing to read "Anne Awad", is written over a horizontal line.

Anne Awad, Clerk

Approved: December 3, 2020

EXHIBIT A

List of Documents reviewed at the October 22, 2020 Municipal Light Board Meeting

1. Draft Executive Session Minutes of the MLB September 22, 2020 meeting
2. Draft Open Session Minutes of the MLB September 24, 2020 meeting
3. August 2020 Financial Statement
4. DPU 13-162 Order 4.24.14
5. PLP Loan Agreement – MMWEC + SHELD draft 10.14.2020
6. SHELD Board Vote 10.14.2020
7. SHELD Reimbursement Resolution
8. SHELD Review and Goals of the Manager 2020