

Electric Light Department

Town of South Hadley

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MINUTES OF THE MUNICIPAL LIGHT BOARD MEETING OF THURSDAY, MAY 28, 2015, AT 6:00 P.M.

PRESENT:

Anne S. Awad, Chair
Christine M. Archambault, Vice Chair
Kurt C. Schenker, Clerk

Also Attending:

Wayne D. Doerpholz
Michael Conchieri
Philip Leaman, Consultant

Called to Order

Chair Anne S. Awad called the meeting to order at 6:00 p.m. Chair Awad then welcomed those present and introduced the members of the Municipal Light Board. She then welcomed public comments and there was a short discussion on whether the microphones in the room would pick up voices or whether the public comments would need to be made by coming to the front of the room. At this time, there was a question from someone in the room on whether there would be an opportunity for comments later in the meeting; Chair Awad indicated there would be an opportunity as certain items are discussed.

Minutes of the Meeting of February 10, 2015

Vice Chair Archambault questioned whether there had been an executive session on that date; Mr. Doerpholz indicated he would check the records on the date of the meeting when an executive session was held. On motion to accept the minutes of the February 10, 2015 as presented made by Vice Chair Archambault, Chair Awad stated that Commissioner Schenker could in fact second the motion and both he and Chair Awad could vote to approve the minutes even though they were not present at the meeting. She further stated that their votes would only recognize that a meeting was held. At that point, Commissioner Schenker seconded the motion. It was

VOTED: to accept the minutes of the meeting of February 10, 2015 as presented; motion passed 3:0.

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Minutes of the Meeting of March 17, 2015

Vice Chair Archambault made a motion to accept the March 17, 2015 as presented; Commissioner Schenker seconded the motion and it was

VOTED: to accept the minutes of the meeting of March 17, 2015 as presented; motion passed 3:0.

Minutes of the Meeting of April 15, 2015

Chair Awad stated that, at the April 15, 2015 meeting, the Board discussed various topics to include on the agenda for the April 30th meeting. While Mr. Doerpholz questioned whether that should be included in the minutes as the agenda did not include the discussion of topics for the next meeting, Chair Awad stated that she would like the minutes amended to include the one line addition that "the Board discussed various topics to include on the agenda of the April 30th meeting." Vice Chair Archambault made a motion to accept the minutes as amended, Commissioner Schenker seconded the motion and it was

VOTED: to accept the minutes of the meeting of April 15, 2015 as amended; motion passed 3:0.

Minutes of the Meeting of April 30, 2015

Vice Chair Archambault indicated that the minutes should indicate that she was absent on that date and should show the respective titles of the Chair and Clerk. On motion made by Commissioner Schenker to accept the minutes as amended, seconded by Chair Awad, it was

VOTED: to accept the minutes of the meeting of April 30, 2015 as amended; motion passed 3:0.

Open Meeting Law – Board Procedures for Compliance

Chair Awad explained to the guests that the Municipal Light Board is a board of three and a quorum is two. She further explained that two members having a conversation about what the Board could do and how to do it would be violating the Open Meeting Law. Mr. Doerpholz provided each member with a copy of the Attorney General's Guide to Open Meeting Law and a discussion followed concerning Board training. Vice Chair Archambault requested that the Board establish a procedure for handling Open Meeting Law violation complaints. Chair Awad stated that she would draft a procedure for steps the Board would go through and present it for discussion at the June Board meeting.

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Management Report

Chair Awad called on Mr. Doerpholz to present the Management Report. Mr. Doerpholz started with giving an overview of the financial statements.

Mr. Doerpholz began by discussing the income statement, specifically noting that revenues continue to decrease. He highlighted the one-time loss resulting from SHELD's decision to exit the water heater rental business. Mr. Doerpholz then proceeded to discuss the balance sheet. He identified each of SHELD's cash and investment accounts, indicating where each account is held and its purpose. Vice Chair Archambault asked why the funds at MMWEC were not controlled by and held by the Town. Mr. Doerpholz explained that the funds are not required to be held by the Town and, in fact, many municipal lighting plants have cash and investments with MMWEC. He further explained that certain purchase power agreements with MMWEC require SHELD to have funds on deposit with them. Mr. Doerpholz then discussed some of the significant expenses and trends. He also pointed out the monthly cash flow statement and asked if anyone had any questions on it. Mr. Doerpholz reviewed the per kWh cost of power and noted that purchased power made up more than 80% of SHELD's ongoing operating costs. Mr. Doerpholz then proceeded to discuss the graphs included in the report and the trends revealed. He stated that the sales trend from 2003 to 2013 shows a consistent decline. Sales in 2013 were 23 million kilowatt hours lower than sales in 2003.

Vice Chair Archambault made a motion, which was seconded by Chair Awad, to approve the Manager's report and recommended the following components for future management reports: (monthly) financial cash flow and significant revenue expense items, budget versus actual, operation and outages, vehicle and equipment status, maintenance activities completed and planned, schedule of events for upcoming month, actions and events that may result in rate changes; and (quarterly) personnel actions, hiring, dismissal, punitive measures, advancements and awards, periodic review schedule, an annual report on accrued leave per employee and management. Following a discussion, Chair Awad called for a vote on accepting the Manager's report and it was

VOTED: to accept the Manager's report; motion passed 3:0.

Mr. Doerpholz then gave an update on the audit preparations. He stated that SHELD had sent out an RFP for a fixed price quote for auditing services for SHELD's year ending December 31, 2015 requesting an early July response date. Following a discussion, it was agreed that Chair Awad would work with Mr. Doerpholz on vetting responses.

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Assessment of Value Consultant

Chair Awad stated that her opinion was to try to establish a baseline for the value of SHELD for future use in establishing a payment to the Town. Commissioner Schenker then questioned the cost for such consultant that would need to be further investigated. Vice Chair Archambault made a motion to engage a consultant to do an assessed valuation of SHELD's physical assets for the purpose of establishing a baseline value for payment in lieu of taxes to the Town of South Hadley for fiscal year 2016 and it was seconded by Chair Awad. Commissioner Schenker expressed his concern that "move to engage" could be interpreted as a contract. A discussion followed concerning the issuing of an RFP and Mr. Doerpholz questioned the Board members as to the type of assessment they were seeking.

Following the discussion, Vice Chair Archambault made a newly worded motion; Chair Awad seconded the motion and called for a vote. It was

VOTED: to explore a consultant to do an assessed valuation of SHELD physical assets for purpose of establishing a baseline value for the payment in lieu of taxes to the Town of South Hadley for fiscal year 2016

Christine Archambault	aye
Anne Awad	aye
Kurt Schenker	no

Motion passed 2-1

Discretionary Fund for the Board

Chair Awad informed the Board that she would like to see a discretionary fund established for the Board to use to provide legal counsel, other consultants and community benefits and distributed materials to the other members. After a discussion and suggestion by Commissioner Schenker that the matter be tabled until more information is obtained, Mr. Doerpholz stated that he wanted all members to understand that this action appears to be beyond the scope of the Light Board and distributed copies of the legal opinion by Attorney Welch and a reported case of Daniel Golubek v. Westfield Gas & Electric Light Board which held that the Board could not hire its own counsel. Although Chair Awad felt the legal opinion was advising the Manager, Mr. Doerpholz responded that the opinion is impartial and is for the department. Commissioner Schenker suggested that the Board table the motion pending a determination of the Attorney General; Chair Awad stated that she encouraged the Board to establish the fund at this time and then determine later if the Attorney General denies it. On motion made by Vice Chair Archambault, seconded by Chair Awad, it was

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VOTED: to establish a discretionary fund for the Board to allow engaging of legal counsel, consultants, various policy development and community benefits by moving \$25,000 within SHELD accounts to the Town of South Hadley with the funds handled and administered in the document provided at this meeting

Christine Archambault	aye
Anne Awad	aye
Kurt Schenker	no

Motion passed 2-1.

SHELD Facility

Chair Awad began by indicating that the process of the new building be suspended until a new process is established. Commissioner Schenker stated that his opinion was to proceed as this has been planned over 20 years and a considerable amount of money has already been spent on the project. He further stated that he did not feel that SHELD brought any business to the Falls and that the Main Street property could be put to better use. Vice Chair Archambault said she did not feel the process was public. Linda Young, 15 Westbrook Road, asked the Board if there is a time limit in the motion and Chair Awad said the Board will make a commitment to six months, or until December, 2015. Following further discussion, on motion made by Vice Chair Archambault and seconded by Chair Awad, it was

VOTED: to suspend all work on the building project on Old Lyman Road, and implement a review process to explore building, department structure and location options to meet the needs of SHELD and the Town of South Hadley for the future.

Christine Archambault	aye
Anne Awad	aye
Kurt Schenker	no

Motion passed 2-1.

Fiber Optics

Chair Awad began by indicating that the Board would like to establish a citizen advisory committee to bring recommendations to the Board for policy development. Mr. Doerpholz provided a history of SHELD's involvement in fiber optics by first mentioning that SHELD has been working on fiber optic for about 10 years and then mentioned the Five College Net (FCN) arrangement that culminated in an Indefeasible Right to Use Agreement (IRU) in 2006. He discussed SHELD's work to extend a public safety network in South Hadley for its own use and the construction of the Stonybrook data center in 2011. He next discussed the construction of the

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Massachusetts Broadband Institute (MBI) fiber optic IRU agreement. Finally, Mr. Doerpholz discussed the ongoing work with AXIA of Calgary, Alberta to bring fiber to the home (FTTH) in South Hadley. He mentioned that the engineering work on this proposal was essentially complete and that the first "beta test site" of the service was set to begin operations at The Village Commons next week. He then requested that Mr. Philip Leaman be offered a chance to speak to offer additional information.

Mr. Leaman began his comments by offering a brief history of his involvement with SHELD, FCN & MBI. He mentioned that, in his consultations with SHELD, there were certain attributes that he felt were necessary for SHELD to obtain to preserve its competitive position into the future. He stated that the most important of these was that SHELD would have spare fiber available belonging to SHELD that would be an incentive for AXIA to deliver the best quality service to South Hadley. He also mentioned that, because SHELD has constructed the backbone of a robust fiber optic network including independent paths to 1 Federal Street, Springfield, it was now ready to begin the second stage of the grid structure to bring fiber optic telecommunications to South Hadley. He added that South Hadley is far ahead of other communities in this area and that there was a natural fit between AXIA, the run the network operator (RTNO) for the Commonwealth's MBI system and SHELD abilities for fiber construction and maintenance.

Following the discussion, on motion made by Vice Chair Archambault, seconded by Chair Awad, it was unanimously

VOTED: to engage a citizen advisory board committee to provide expertise and recommendations of policy development and direction to the Board while SHELD continues work with AXIA.

Consumer Deposits

Chair Awad recognized Mr. Michael Conchieri to explain the need to increase consumer deposits for non-owners of property in order to reduce bad debts.

Mr. Conchieri pointed out that the current policy for consumer deposits has been unchanged in effect for the past 30 years. Over the past few years, SHELD has experienced large write-offs. Most of these write-offs were the result of non-property owners terminating service and moving elsewhere. Changing both the amount of the deposits and making the deposits non-refundable would significantly reduce future write-offs.

Following a discussion concerning the increasing losses to the department, on motion made by Commissioner Schenker, seconded by Vice Chair Archambault, it was unanimously

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VOTED: that effective June 1, 2015, the Board adopt as a policy of the South Hadley Electric Light Department that security deposits will be required for all residential service accounts where the customer is not a recorded owner of the property and that the deposits for residential customers, rate R1, shall be \$300, and the deposit for residential heat customers, rate RH, shall be \$600, and all deposits shall be retained until such time as the account is closed.

Payment for security deposits can be made via cash, certified check or credit card. And the Manager be authorized and directed to take such action as he deems necessary or advisable to carry out the purpose of this vote, and any actions taken by the Manager which are consistent with the goals of this motion be ratified and confirmed.

Correspondence

Chair Awad informed the Board that a letter from the Attorney General stated that the Open Meeting Law complaint filed by Mr. Doerpholz against a Board member was filed too late as it had to be brought within 30 days and it reminded the Board of its obligations. She then read the letter to the Board.

Manager's Employment Contract

Chair Awad stated that the Manager's contract had expired in 2009 and that there was a need to renegotiate a new contract. On motion made by Vice Chair Archambault, seconded by Commissioner Schenker, it was unanimously

VOTED: that the Chair of the Board initiate the annual review of the Manager, and negotiate a draft contract with Manager, and present to the Board a compilation of reviewed comments by the individual Board members, the draft contract and the recommended salary by November 2015 Board meeting

Question on Agenda Item 7

The question was then raised by an audience participant on where number seven on the agenda stood – the building – and how it can proceed with the public since the Board cannot meet or discuss the matter until the next meeting. Chair Awad indicated that she, as Chair, can take some initiative and has already reached out to the South Hadley Falls Neighborhood Association. Mr. Daniel Whitford raised questions on just what is stopped. Chair Awad answered that any environmental assessments, any bidding for contractor, Planning Board meetings, pushing earth around the site. Vice Chair Archambault added stopping spending of any money. Mr. Doerpholz informed the Board that although any further action has been stopped, the vote to build has not been rescinded and the department would still have an active contract with the

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design engineers. Commissioner Schenker voiced concern about any additional costs incurred by stopping the process. On motion made by Vice Chair Archambault, seconded by Chair Awad, it was

VOTED: to rescind the October 30th, 2014 vote that stated that the South Hadley Electric Light Board agrees to move forward with the design and construction for SHELD's office and operation facilities to be located on SHELD's Old Lyman Street property, and that the Manager be authorized to enter into an agreement with Reinhardt Associates, Inc., for the design of the office and operation facility at the Old Lyman Street property, and that the Manager be authorized to move forward with permitting and request for proposals for the construction of the facility at the Old Lyman Street property, and that the Manager be authorized and directed to take such further action as he deems necessary to advisable to carry out the purpose of this vote, and that any actions previously taken by the Manager which are consistent with the goal be ratified and confirmed.

Christine Archambault	aye
Anne Awad	aye
Kurt Schenker	no

Motion passed 2-1.

Adjournment

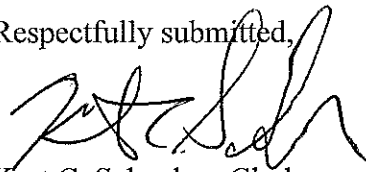
Vice Chair Archambault raised the question on whether the website has been updated and also questioned whether minutes of the SHELD Board meetings are being sent to the town clerk's office. Mr. Doerpholz stated that minutes are on our webpage. Commissioner Schenker then requested a change in the date of the next meeting. Following a discussion, Chair Awad changed the date of the next meeting to June 24th.

On motion made by Chair Awad, seconded by Vice Chair Archambault, it was unanimously

VOTED: to adjourn.

The meeting was adjourned at 8:09 p.m.

Respectfully submitted,



Kurt C. Schenker, Clerk
Municipal Light Board
8/27/15