

**SOUTH HADLEY ELECTRIC LIGHT DEPARTMENT
BOARD OF COMMISSIONERS' VIRTUAL MEETING
JUNE 22, 2023, AT 6:00 P.M.**

Present for the Board: Chair John Hine, Vice Chair Denise Presley, Paul Dobosh, Ron Coutu, Kurt Schenker

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

Guests: Howard Cheney & Mia McDonald of Meyers Brothers Kalicka PC, Matthew Ide & Jason Viadero from MMWEC, and David Moore, Commercial Real Estate Broker

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

Minutes Approval:

5/25/2023 Open Session:

On a motion by Mr. Schenker and seconded by Mr. Dobosh, it was unanimously VOTED: To approve minutes of May 25, 2023, by a roll call vote: Ms. Presley-aye, Mr. Dobosh-aye, Mr. Coutu-aye, Mr. Schenker-aye, Mr. Hine-aye.

5/25/2023 Executive Session:

On a motion by Mr. Coutu and seconded by Mr. Dobosh, it was unanimously VOTED: To approve, but not release, the executive session minutes of May 25, 2023, by a roll call vote: Mr. Schenker-aye, Mr. Coutu-aye, Mr. Dobosh-aye, Ms. Presley-aye, Mr. Hine-aye.

2022 Audited Financial Statements Report & Presentation:

Howard Cheney & Mia McDonald of Meyers Brothers Kalicka, PC presented a high-level overview of SHELD's 2022 financials and the December 31, 2022 statements. SHELD has received an unmodified opinion, which means SHELD used appropriate accounting policies, no adjustments had to be made, there were no disagreements with management, and there were no changes to the numbers previously presented for 2022.

They continued by reviewing any substantial changes for 2022 in the Profit & Loss Statement. Operating Revenues were up due to fiber build out and a rate increase and Other Expenses were down due to investment losses and the interest expense on the fiber loan. The Balance Sheet showed that investments were down, and accounts receivable were up. The Capital Assets were up due to fiber buildout. The Restricted Assets and Liabilities were down for 2022. The change in the net position in Equity changed by a positive \$727,000 for 2022. All numbers in all categories were positive.

Mr. Cheney reviewed the OPEB trust fund, funds that are set aside for retiree's health benefits, and the required Hampshire County retirement funding. The funds were down due to investment losses in 2022.

The Report To Management comments, which are best practice observations from the firm, were reviewed and updates from the previous year were noted. Some of the suggested changes may be difficult for SHELD to implement, because of limited staffing, but there were no significant deficiencies in the internal controls. Mr. Fitzgerald said they were continuing to work towards an inventory system that will work for the operations side of the business.

Public Comment:

There were none.

Manager's Report:

Outages:

There were nine outages this past month. Seven were minor animal contacts (squirrels or birds) for under one hour. Two outages were from wind and lighting on June 14th impacting residents for 4 hours on Charon Terrace where crews had to open a 65K fuse on Morgan St to safely remove a tree from a line and make the appropriate repairs.

Fiber Update:

There has not been much change since last month. SHELD is still constructing several underground areas which continue to be a challenge and slow down the construction process.

Mr. Conchieri gave an update on SHELD's S&P rating review. The bi-annual rating review kept SHELD at an AA rating. They were impressed with SHELD's revenue stability, competitive rates being 30% below average, long term non-carbon emitting portfolio, and robust liquidity. Mr. Conchieri will send the report out to the Board to review.

Battery Storage Vote:

Mr. Fitzgerald stated that at the last two month's MLB meetings, that SHELD discussed an opportunity to construct a 3 to 5 MW shared savings battery storage project in South Hadley through the MMWEC battery storage program. Two locations were previously discussed. The project is ready for a Board vote to proceed with moving forward at the Old Lyman Rd site.

Mr. Ide from MMWEC reviewed the steps they went through to obtain a vendor for the project. SHELD would be the 14th MLP to join the energy savings project. The other 13 municipalities have signed agreements. The chosen vendor, Delorean, has constructed in Virginia but this is their first project in the northeast. He said the vote would allow Mr. Fitzgerald to sign the administrative services agreement with MMWEC and SHELD

would need to pay MMWEC prorated costs for their work for SHELD on the project. There will be administrative upfront costs and yearly costs to MMWEC. The next step is to work with MMWEC and Delorean to finalize plans for the battery installation, and to sign the three required agreements: the energy savings agreement, the site license agreement, and the interconnection agreement. When all agreements are signed, then SHELD is financially committed to the twenty-year project once the Town approves the site.

The project is low risk to SHELD, as Delorean provides the capital for the project. There may be some capital costs to SHELD to prepare the site, but Delorean installs and operates the battery storage and splits the savings with SHELD. The savings will reduce both capacity and transmission charges for SHELD. Mr. Fitzgerald said he would keep the Board updated on the progress of the process and construction without the Board having to vote again.

Mr. Hine stated the vote would be an authorization of participation in MMWEC's behind the meter BESS program, and approval of agreements, as written and distributed to the Board prior to the meeting.

Mr. Dobosh motioned, and Mr. Schenker seconded, it was unanimously VOTED: The Board approves participation in MMWEC's behind the meter BESS program and approval of agreements as written and distributed to the Board, by roll call vote: Mr. Coutu-aye, Mr. Dobosh, Ms. Presley-aye, Mr. Schenker-aye, Mr. Hine-aye.

Public Comment Policy:

The Board discussed writing a policy for people who want to speak during the public comment portion of open meetings. Even though we can't restrict what they say, we can limit the time, and restrict any derogatory or threatening language. A policy should be in place to address topics that may or may not be on the agenda. The Board would not need to respond immediately during public comment. Mr. Hine said that he and Mr. Fitzgerald would work on a policy for the next meeting.

Old Business:

Ms. Presley asked if there was anything new for fiber at MDU locations. Mr. Fitzgerald said there wasn't anything new but explained we continue to work with MDU Boards as we have for all at the private locations, to discuss the process and decide mutually on the requirements to move forward with construction.

New Business:

There was none.


Adjourn to Executive Session:

Mr. Hine stated that the Board was going to adjourn to executive session pursuant to M.G.L. c. 164, § 47D, is for purposes of discussing trade secrets, confidential, competitively sensitive, or other propriety information pertaining to considering the

purchase, exchange, lease or value of real property as it may have a detrimental effect on the negotiating position of the public body, and pursuant to G.L. c. 30A, § 21(a)(4) to discuss the deployment of security personnel or devices, or strategies with respect thereto, related to threatening comments made by a member of the public and concerns about public safety at future Board meetings resulting from the same, and not return to open session.

On a motion by Mr. Dobosh, seconded by Mr. Coutu the meeting was unanimously VOTED: to move to executive session for reasons stated by the Chair, and not return to open session by roll call vote: Mr. Schenker-aye, Ms. Presley-aye, Mr. Coutu-aye, Mr. Dobosh-aye, Mr. Hine-aye.

The open session ended at 7:00 P.M.



Paul Dobosh, Light Board Clerk

Approved: July 27, 2023

EXHIBIT A

List of Documents reviewed at the June 22, 2023, Municipal Light Board Meeting

1. Draft Open Session Minutes May 25, 2023
2. Draft Executive Session Minutes May 25, 2023
3. 2022 Financial Year End Statements December 31, 2022, and 2021
4. Report To Management for year ending December 31, 2022
5. Battery Storage Vote: Authorization Of Participation In MMWEC's Behind The Meter Bess Program And Approval Of Agreements