



**SOUTH HADLEY ELECTRIC LIGHT DEPARTMENT
BOARD OF COMMISSIONERS' VIRTUAL MEETING
JUNE 27, 2024, AT 5:00 P.M.**

Present for the Board: Chair John Hine, Vice Chair Paul Dobosh, Ron Coutu, Tom Terry, Kurt Schenker (arrived 5:01)

Present for SHELD: General Manager Sean Fitzgerald, Financial Manager Michael Conchieri, Director of Operations Adam St. Martin, Administrative Services Specialist Kim Mendoza, Customer Service & Marketing Manager Kelly Frazier, Telecom Manager Bobby Liswell

Guests: Howard Cheney & Mia McDonald of Meyers Brothers Kalicka PC

The virtual meeting open session was called to order at 5:00 PM by Chair John Hine who stated: The Board would move into executive session for the purposes of discussing trade secrets, confidential, competitively sensitive, or other propriety information pertaining to fiber projects AND pursuant to M.G.L.c. 164, § 47D, to consider the purchase, exchange, lease or value of real property, and to return to open session at approximately 6:00PM.

On a motion by Mr. Coutu, seconded by Mr. Dobosh, it was
VOTED: To move to executive session for the reasons stated by the Chair and return to open session at approximately 6:00 PM, by a roll call vote: Mr. Terry-aye, Mr. Coutu-aye, Mr. Dobosh-aye, Mr. Hine-aye.

The Board returned to open session at 6:00 PM.

Minutes Approval:

5/30/2024 Open Session:

On a motion by Mr. Schenker and seconded by Mr. Terry, it was
VOTED: To approve minutes of May 30, 2024, open session, by a roll call vote: Mr. Terry-aye, Mr. Coutu-aye, Mr. Dobosh-aye, Mr. Schenker-aye, Mr. Hine-aye.

5/30/2024 Executive Session:

On a motion by Mr. Dobosh and seconded by Mr. Coutu, it was
VOTED: To approve and release the executive session minutes of May 30, 2024, by a roll call vote: Mr. Schenker-aye, Mr. Dobosh-aye, Mr. Coutu-aye, Mr. Terry-aye, Mr. Hine-aye.

2023 Audited Financial Statements Report & Presentation:

Howard Cheney & Mia McDonald of Meyers Brothers Kalicka, PC presented a high-level overview of SHELD's 2023 financial 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 2023. There were not any internal control processes and procedure changes to report on.

Ms. McDonald reviewed the summary slides which showed an increase in the Operating Results for 2023. She highlighted substantial 2023 changes that attributed to the increase in Total Assets, which are primarily from the fiber business, and increases in Liabilities. Mr. Cheney reviewed the increases in the OPEB funds that are set aside for retiree's health benefits, and the required Hampshire County retirement funding. SHELd has little control over those expenses. The Net Position (Equity) showed an increase of \$1,041,373 for 2023.

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. Terry stated that SHELd's audit Committee would like to change the way fiber numbers are presented and will be looking into a possible change by the end of this year. They asked Mr. Fitzgerald and Mr. Conchieri to ask other municipalities how they report their fiber business financials.

Public Comment:

There were none.

Manager's Report:

Outages: There were five outages affecting 52 customers due to animal contact, lightning, and a transformer which blew on Magnolia Terrace.

AMI Meter Update: SHELd has installed 6,772 meters, installation is 85% complete.

Fiber Update: Management is recommending the Board approve fiber construction at Rivercrest Condominiums. The details were discussed in the executive session meeting.

On a motion by Mr. Dobosh and seconded by Mr. Terry, it was

VOTED: To authorize the General Manager and Telecom team to proceed with the Rivercrest Condominiums construction, by roll call vote: Mr. Schenker-aye, Mr. Dobosh-aye, Mr. Terry-aye, Mr. Coutu-aye, Mr. Hine-aye.

March 2024 Financials:

Mr. Conchieri referenced PowerPoint slides as he gave a brief overview of the financials for the month ending March 31, 2024.

Kilowatt hour sales of 28,252,000 for 2024 were down by .5% from 2023 or 155,000 kilowatt hours. Year-to-date operating revenues of \$4,077,000 were down from 2023 by 14.2% or about \$676,000, consisting of a decrease of \$26,000 in volume and a decrease of \$650,000 in selling price.

The 2024 kilowatt hour purchases of 28,713,000 were up by 2.4% from 2023, or 689,000. The 2024 cost of power sold of \$2,658,000 was up by about 5.18% from 2023, or \$131,000, consisting of an increase of \$62,000 in kilowatt hour purchase volume, and an increase of \$69,000 in purchase price.

The decrease in revenue was offset by the increase in the cost of power; therefore, the net revenue of \$2,373,000 was down from 2023 by \$681,000. The actual net revenue was down from the budgeted amount by \$368,000.

All other 2024 operating expenses of \$2,434,000 on a combined basis, were up from 2023 by about \$266,000 and up from the budgeted amount by \$109,000.

March 2024 ended with a net YTD gain of about \$82,000, compared to the 2023 net gain of \$1,059,000 and did not reach the budgeted amount of a \$466,000 gain.

Mr. Terry asked about the fluctuation swing from year to year. Mr. Conchieri stated that the adjusters are catching up from two previous quarters and the adjusters are automatic.

S&P Credit Rating Update:

Standard & Poors conducted SHELD's credit review in June 2024 for the year ending December 31, 2023. S&P considered SHELD's operational strengths of significant liquidity levels, sound fixed charge coverage of 1.7x in 2023, positive cash flow, large residential revenue base, and dynamic cost recovery from automatic quarterly rate adjustment mechanisms. SHELD's possible operational exposures are having our power supply being 73% nuclear with MMWEC, and potential regulatory risks, before continuing to award SHELD with a "AA/Stable" rating again this year.

Fiberspring Customer Survey:

Ms. Frazier presented the results of the first annual Fiberspring Customer Survey. She explained that new fiber customers receive a survey to be completed one week, three months, and one year after starting service. This first annual survey was sent to all connected South Hadley fiber customers via email. Ms. Frazier reviewed the 6 questions and responses, and the results were very positive. She called the few customers, who responded with issues, and addressed them personally.

Mr. Fitzgerald displayed several reports with information that is monitored by HG&E for performance showing the topic of calls and how many times a truck had to roll to fix the issue. Most problems are handled over the phone.

Mr. Hine asked about any speed and capacity issues we have with the system. Mr. Fitzgerald said we are working with HG&E to produce reports, from their watching the system during peak times, to be sure there is enough bandwidth for everyone's usage. Ms. Frazier said typically during the day when a customer calls having problems, that it's usually something with their device.

SHELD Business Hours:

Mr. Fitzgerald displayed charts that show customer traffic in the SHELD offices dramatically decreases after 4:00pm daily. Customer traffic is much higher in the mornings, and he requested that the office hours be changed from 8:30-4:30 to 8:00-4:00 Monday-Friday. There was a short discussion, and it was suggested that the public have a month's notification of the change.

Mr. Hine asked about the possibility of autopay for electric accounts. Mr. Fitzgerald said he would look at it but electric is a different business from fiber.

On a motion by Mr. Dobosh and seconded by Mr. Coutu, it was
VOTED: To approve management's request to change the operating hours of the SHELD office to 8:00am-4:00pm, by roll call vote: Mr. Schenker-aye, Mr. Coutu-aye, Mr. Dobosh-aye, Mr. Terry-aye, Mr. Hine-aye.

Old Business:

Hybrid Meetings: Ms. Mendoza reached out to the Senior Center and the Library to gather information on holding hybrid board meetings. The facility at the Library is the better choice, so the Board chose to begin hybrid Light Board meetings on July 25th at the Library in the Trustees Conference Room. The Chair and a quorum of the Board must be in person. Ratepayers will be able to attend Open Session meetings and SHELD staff can stay remote.

On a motion by Mr. Coutu and seconded by Mr. Terry, it was unanimously
VOTED: For the Municipal Light Board to conduct hybrid meetings at the South Hadley Public Library starting July 25, 2024., by roll call vote: Mr. Terry-aye, Mr. Dobosh-aye, Mr. Coutu-aye, Mr. Schenker-aye, Mr. Hine-aye.

New Business:

There was none.

Adjourn:

On a motion by Mr. Schenker, seconded by Mr. Terry, it was
VOTED: To adjourn the meeting, by a roll call vote: Mr. Coutu-aye, Mr. Schenker-aye, Mr. Terry-aye, Mr. Dobosh-aye, Mr. Hine-aye.

The open session ended at 7:16 P.M.

DocuSigned by:

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Ron Coutu, Light Board Clerk

Approved: July 25, 2024

EXHIBIT A

List of Documents reviewed at the June 27, 2024, Municipal Light Board Meeting

1. Draft Open Session Minutes May 30, 2024
2. Draft Executive Session Minutes May 30, 2024
3. 2023 Audited Financial Statements
4. 2023 Audit Report to Management
5. March 31, 2024, Financial Management Report
6. Annual Credit Review
7. Annual Fiberspring Customer Survey
8. SHEL D Hours of Operation Slides