

Electric Light Department

Town of South Hadley

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SOUTH HADLEY ELECTRIC LIGHT BOARD MEETING

AUGUST 25, 2016

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

Present for Staff: Michael Conchieri, Financial Manager, Paul Byrne, Interim Co-Manager

The meeting convened at 6:31 PM.

Public Comment:

Representative John Scibak came to the meeting and presented the Board with a packet of information about deposit policies, relevant laws, and a situation a constituent of his has dealt with regarding our deposit policy. He reviewed MGL 220, CMR 27.00 (that no company can require a deposit in advance of service) but noted that it pertained only to investor owned utilities. In MGL Chapter 164, Section 58A, it states that municipal utilities can get a deposit of three months in advance from any consumer, and if the policy is more than six months, the utility would pay interest on the deposit. He discussed research he did online about deposit policy of municipal utilities. Most of them do require deposits and most of them ask for up to three months worth of bills (estimated). He noted that on May 28, 2015 SHELLED adopted the current policy with deposits of \$300 for residential customers and \$600 if they have electric heat. Payment is via cash, certified check, or credit card. Representative Scibak feels that \$600 is a burden for families, especially those on rental subsidy programs, or certified programs that provide cash or other relief. Even if they were to be given the \$600 from another party, they have to report that as income and it could disrupt their assistance. This Board should look at ways to alleviate the burden. Concord, for example, provides a waiver if customers come with an excellent payment history or for customers who provide a reference letter from their previous utility certifying that they had no late payments.

Other municipals do not hold deposits indefinitely. If you have a good payment history for one year, Danvers returns the deposit with interest. Danvers also states, "...should a customer believe an undue hardship would result from payment in full of the metering account deposit, such customer may request a review by the business manager, who may arrange a satisfactory installment plan." Belmont actually has a residential low income rate, with income verified by

participation in TAFDC, food stamps, Section 8 housing, MassHealth. Representative Scibak would like the Board to consider adjusting the policy to include ways to assist ratepayers who would endure hardship under the current policy. He suggested that SHELDA appropriate a certain amount of money (\$12,000) that could be for up to 20 people's deposits. The fund could be administered through a social services agency with loans and paybacks arranged by that agency.

Ms. Awad noted that the current policy was put in place because SHELDA was losing a good amount of money each year from people who would move from the community and leave a large bill behind. Collection proved difficult. When the Board voted in the new policy, it wanted to review the policy implications over the course of a year. Representative Scibak's presentation and materials are very helpful to that process.

Move to Executive Session

Mr. Schenker moved and Mr. Blodgett seconded a motion to go into Executive Session for the purposes of discussing litigation strategies because to do so in Open Session would harm SHELDA's position and to return to Open Session following the Executive Session. Vote by roll call on the motion: Awad-aye, Hine-aye, Dubreuil-aye, Schenker-aye, Blodgett-aye. Unanimous vote. The Board entered Executive Session at 6:40 PM.

Open Session reconvened at 6:58 PM.

Audit follow Up.

Mr. Dubreuil noted that Melanson Heath was retained for one year to do the first annual audit. Their bid price was significantly lower than other applicants for the role. At the conclusion of their audit, they asked for a mark-up due to the additional work created by the Inspector General involvement. They also cited having to work with several systems but that element was clear in the RFP put out by Management. We now have a base audit in place, which will be very helpful for any audit firm coming in to do next year's audit. Mr. Dubreuil suggested that we issue a new RFP and offer a three year engagement, perhaps with an additional two years added (for a total of five years before bidding again). He believes we should not be as price sensitive in our selection. We want an audit firm that does a good audit for a reasonable price. Melanson Heath, of course, would be free to apply as would other firms that might have hung back due to the daunting nature of auditing where there has never been an audit.

Mr. Dubreuil noted that he has reviewed the Mass General Laws wording relative to the General Managers for municipal utilities having the discretion to hire consultants but he feels that the nature of an audit means that the auditors report to the Board. Management, of course, works closely with the auditors and provides what they need to do the job. One of the purposes of an audit is to assure that management is doing what management is supposed to do. Management runs the Department but the Board has fiduciary responsibility to ensure that the financials are properly and legally handled. Mr. Conchieri noted that management solicited the RFP and compiled the results but those results were presented to the Board with a recommendation for selection. The Board voted to retain Melanson Heath. Ms. Awad noted that the Inspector General agent advised her that, in spite of the language of MGL C164, S 55-56, that states that the Manager hires consultants, the law also states that the Manager works under the "control and direction" of the Board and, therefore, the Board could direct him/her to

retain an audit firm...or a lawyer for the Board...or other consultants. Considering this discussion, it will be important to develop questions that will allow us to have good discussions with candidates for the Manager position. We want them to be empowered to run the department on the day to day basis but also to cooperate and collaborate with the Board to ensure transparency and oversight as needed. A good audit experience helps both Management and Board to improve performance and measures. We did get some good suggestions from Melanson Heath to get started with. Mr. Hine stated that he would expect an RFP process. The last RFP was for one year so it is appropriate to now seek a three year bid. Mr. Conchieri noted that he worked well with Melanson Heath. He does not believe there is a requirement to do another RFP.

Mr. Dubreuil made a motion that we issue an RFP for a three year engagement for audit services, beginning in fiscal 2016, for the 2016 fiscal year. Mr. Hine seconded the motion. Discussion clarified that we would issue the RFP now to provide audits for fiscal years 2016, 2017, and 2018. The motion passed unanimously.

Renewable Energy Trust

There was an article in The Reminder in the last week that did generate some calls. Ms. Awad reported receiving three emails and two phone calls from people interested in having us join it. Those responding stated that they would take affirmative action to use the resources of the RET.

Mr. Hine received two emails, one for and one against. The emails expressed appreciation for our attempt to get the word out and to solicit feedback from residents. Mr. Hine asked about the previous idea of putting an insert in the bills. Mr. Byrne stated that he would attempt to get an insert in but it is close to the first, when bills go out. Mr. Hine volunteered to write up a brief description of the RET for the insert. Mr. Byrne will investigate how to actually get it into the bills.

Ms. Awad noted that there are a lot of things going on that are related to this decision. Mike Sullivan has advised us that the town has put out an RFP for a solar field on the landfill and perhaps at the golf course. But it's compatible with us because the town will lease the land to the private investor who wants to do the field, who then has to negotiate with us price so it will work. There are things that are going on that would expand solar in town. There is something about the law in January requiring everybody to be in the Renewal Energy Trust so we need to find out about that. She also noted that the Planning Board is looking at solar field zoning requirements and there are discussions about not allowing the cutting of trees to install solar and other controversial things for the Town. Mr. Schenker suggested getting the insert out, getting what response we get, and holding a vote at our October meeting. We have also not yet defined the type of municipal utility we are, which dictates the type of process we need to complete and the type of form we sign for membership. One form of utility must go through the City Council or Town Administrator and Town Meeting and the other form, which we believe to be SHELD's, the Board of Commissioners has the power to take the vote to join. Mr. Hine noted that the Town Attorney must certify the type of utility we are once we take our vote.

Chair Report.

The Board has been notified that the former manager has filed a breach of

contract lawsuit in Hampshire Superior Court and we are dealing with the response to that lawsuit. We have not been served yet individually, but we are named individually, and a certified letter came in to the office notifying us of the suit.

Mr. Byrne stated that the new Engineer started August 1. He brings a lot of experience in the field and he seems at home already. He has been to CONVEX training and will be certified on our system, a legal requirement. Mr. Schenker noted that he has seen our new truck on the road.

Ms. Awad noted that the Co- Interim Managers have been doing a great job. They have been recruiting a new Administrative Assistant who will help all sections of SHELD to stay organized and responsive.

Manager Search

The Board has reviewed a search description prepared by the consultant. He is ready to send that out. Several edits were discussed and Ms. Awad agreed to contact the consultant the following morning to discuss. The consultant said that the search begins with the search description which introduces the position to people in the field. It tells them things like the operating revenue, detail on the financials, the level of power that we are issuing and it gives websites for people to explore the area. The websites would include those of SHELD, the Town, area data sites, the Five College Area, the public schools. The search description travels by email and follow up phone calls to people they already think are likely prospects. He has already received resumes. Towards the end of September he will present the Board with a long list of 20 to 30 candidates that seem to meet the profile as a good match here. The Board will work with the consultant to reduce that list to anywhere from two to four or five final candidates. Interviews will be held in late October, final finalists in early November. We'll have a new Manager in place, hopefully, in December or January, considering notice and location and so forth.

Board Members

Mr. Dubreuil asked to speak to the Board relative to how we conduct business as a Board. He stressed that he did not want to create tension among Board members but that it is important for us as a Board to set expectations going forward. At the last meeting it was implied that we in some way acted in an inappropriate or deceptive fashion by addressing the Old Lyman Road location for a potential new facility with one of the Board members absent. To suggest that discussion and action on an agenda topic was a planned strategy to exclude a Member from a vote was not fair to the Board Chair or to the Board as a whole. We are now a Board of five. We meet on a set night, at a set time, unlike in the past. We all have professional and personal obligations and he believes it is reasonable to expect that we may miss a meeting now and then. But provided that we have a quorum, he believes that we are to conduct business regardless of who is present or who is not present, and regardless of what the topic may be. If something is on the agenda for the night for us to discuss and if there is a quorum, we need to discuss it.

Mr. Dubreuil apologized for taking time from the meeting to state this, but he thinks it is important that we as a Board and also for the community to make sure that we have expectations as to how we're going to conduct business going forward.

Mr. Blodgett noted that we need to look at our regularly scheduled meetings to ensure that we do not conflict with holidays and other events. Our November meeting falls on Thanksgiving. Ms. Awad suggested reviewing the upcoming dates at the September meeting.

Meeting minutes.

June 13, 2016, Open Meeting. There was reference to use of the term "subcommittees" and it was deleted as an edit. Mr. Hine moved and Mr. Blodgett seconded that the minutes be approved as amended. Unanimous vote.

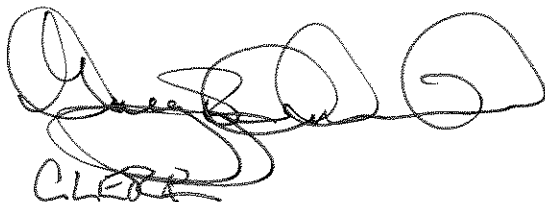
June 23, 2016, Open session. Edits included "He offered to serve" in the first bullet point, the Board needed to be in uppercase, and "It allows people to come to the meeting or not..." in discussion of Old Lyman Road, options should be "discussion and clarify..." and to capitalize the Falls when describing the neighborhood, and GAAP (generally accepted accounting principles). Mr. Hine moved and Mr. Blodgett seconded a motion to approve these minutes, as amended. Unanimous vote to approve (4 aye with one abstention due to absence from that meeting).

June 30, 2016, Open Meeting. Mr. Hine moved and Mr. Blodgett seconded a motion to approve the minutes. Unanimous vote to approve (four in favor, one abstention due to absence from that meeting).

Ms. Awad noted that we had posted an Executive Session but we do not need to have it. We do need to review legal options and she asked for a volunteer to work with her to do that and bring back the item for full Board consideration in an Open Meeting. Mr. Dubreuil volunteered.

Mr. Schenker asked that we review Old Lyman Road at a future date. Ms. Awad stated that any Board member can ask to have an item on an agenda.

Mr. Schenker moved to adjourn. Mr. Hine seconded the motion. The motion passed unanimously and the meeting adjourned at 7:42 PM.



A handwritten signature in black ink, appearing to be "C. Hine", is written over the word "CLEAR" which is also written in black ink. The signature is somewhat stylized and overlaps the word.