

Electric Light Department

Town of South Hadley

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MINUTES OF THE MUNICIPAL LIGHT BOARD MEETING OF THURSDAY, SEPTEMBER 10, 2015, AT 6:00 P.M.

PRESENT:

Anne S. Awad, Chair
Daniel Whitford
Kurt C. Schenker, Clerk

Also Attending:

Wayne D. Doerpholz
Michael Conchieri

Called to Order

Chair Awad opened the meeting by welcoming everyone and indicating that the Board had decided to hold this meeting since there was much business needing its attention.

Public Comment

There were no public comments.

Reorganization of the Board

While there may be no legal requirement to reorganize the Board, Chair Awad felt it was a good idea to do so since there is a new commissioner.

It was moved by Daniel Whitford and seconded by Kurt Schenker to nominate Anne Awad as Chair of the Municipal Light Board. The vote was unanimous and passed.

It was moved by Anne Awad, seconded by Kurt Schenker, to nominate Daniel Whitford as Vice Chair of the Municipal Light Board. The vote was unanimous and passed.

It was moved by Anne Awad, seconded by Daniel Whitford, to nominate Kurt Schenker as Clerk of the Municipal Light Board. The vote was unanimous and passed.

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Manager's Report

Mr. Doerpholz began the Manager's report by reviewing SHELD's power supply. He presented a pie chart of SHELD's project power supply portfolio allocation and expenses for September and October 2015 prepared by MMWEC. This pie chart showed the reduction in power received from Seabrook Nuclear power station and the replacement power purchased by SHELD. Mr. Doerpholz next presented a bar chart that showed SHELD's outstanding debt on its nuclear obligations and he mentioned that these showed that SHELD's nuclear debt will be paid off by 2018. Mr. Doerpholz stated that SHELD has a Power Sales Agreement obligation for the nuclear projects to pay its pro rata share of the debt service, the operating costs and the reserve and contingency fund. He stated that, in exchange for that obligation, SHELD is entitled to receive a pro rata share of the electric generation. He concluded by stating that these projects have an operating life to 2045 for Millstone Unit #3 and 2050 for Seabrook. He continued by stating that, over the next few years, the debt service will be satisfied and the debt service payments account for approximately 30% of SHELD's power supply costs. Mr. Doerpholz said that it is a popular misconception that when the debt service is completed the ownership in the project goes away and that this is not the case. He said that, as the debt service goes away, the price SHELD pays for power will be reduced. Mr. Doerpholz added that SHELD has a strict liability for its share of the units' ongoing expenses, including the decommissioning costs and decontamination expenses.

Mr. Doerpholz next reported on the progress of the LED street light installations and that this project is currently underway.

Next, Mr. Doerpholz commended the fiber optic committee on the work they have accomplished so far. He stated that there is a misconception about the agreement between SHELD and Axia for the fiber to the home (FTTH) project. SHELD's agreement with Axia was approved by the Municipal Light Board on February 11, 2014. The Board voted to authorize the manager to sign a letter of intent and a non-disclosure agreement. The arrangement with Axia has been discussed in open session at several Light Board meetings and the minutes of those meeting may be found on SHELD's website. He stated that the agreements are binding upon the manager and the Municipal Light Board. Axia has completed all of the items mentioned in the letter of intent and the engineering of the FTTH system is essentially complete. SHELD is waiting for the fiber optic subcommittee to complete its work and report its recommendation to the Board before completing its due diligence and proceeding with the negotiations of the IRU.

Audit Discussion

Chair Awad began the discussion by stating that with most entities – public, private and non-profit – the board of directors order the audit. However, she stated that, in reviewing various sections of Mass General Laws 164 and talking to attorneys at the state level in various places, it is clear that municipal utility companies are the one exception. She has been informed that the

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Board can direct that audits follow certain guidelines and that, while the Board does not dictate the audit firm or suggest an audit firm, it can give a list of qualified audit firms. She also stated that she has heard no suggestion and has no suspicion that the audit will uncover something dramatic or worrisome, but she still feels it's a good thing to do as it was always helpful to her for guidance. She indicated that she was unhappy with the process but had no dispute with management's candidate. Mr. Doerpholz then informed the Board that no award had been made. He stated that, in reviewing the transcripts of the past meetings, it was always discussed as a financial audit. Then, it was changed to a management audit, but that would actually be a consultant's review of management practices. He indicated that it was his feeling that the audit should be awarded at this time as much of the Board's concerns would be addressed and the Board could decide to hire a consultant for a management review at a later date.

Following a discussion on what would actually be involved in the audit, Chair Awad presented a list of the items she would like to see in the audit. Mr. Conchieri indicated that many of the items on the list would in fact be covered in a financial audit under governmental auditing standards. It was agreed that the Board would have an opportunity to meet with the auditors to better understand the scope of the audit.

At that point, Mr. Conchieri explained the process he used in recommending Melanson for the audit.

On motion made by Commissioner Schenker, seconded by Vice Chair Whitford, it was unanimously:

VOTED: To accept the Manager's recommendation to accept the bid from Melanson for one year for \$15,000.

Public Process – New Facility

The Board members discussed the various options for obtaining a range of opinions from various town committees. Chair Awad distributed a list of various meetings that individual Board members could attend and the list was divided as follows:

Vice Chair Schenker - Planning Board, the Police Chief and the Fire Chief for the two districts (which may possible be accomplished in one meeting).

Chair Awad – Redevelopment Authority (including Tony Judge), Public Health, South Hadley Falls Neighborhood Group, Selectboard, Health Director

Vice Chair Whitford – DPW (including chief), Library, Chamber of Commerce, Michael Sullivan

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Chair Awad then distributed a list of questions that the Board would be taking to the various groups:

1. Should the current facility for SHELD be renovated, keeping all current functions at that facility?
2. Should SHELD staff be housed at Town Hall or other town work locations, landfill, DPW, et cetera, instead of in a separate facility?
3. Should SHELD functions be combined into Town Hall functions and housed together in Town Hall?
4. Could SHELD functions be separated with management/administrative functions in one site and operations/field work in another site?
5. Should SHELD be sited within the Falls district or anywhere in town?
6. Does the possible location of a new facility for SHELD on Old Lyman Road meet the needs of SHELD and the town for the next 25 years?

Mr. Doerpholz expressed his concerns regarding questions 2 through 4 which deal with operational structure and potential relocation/combination of SHELD's functions to other town departments. He pointed out that the questions presented to the various groups need to deal with "where SHELD should be", as opposed to questions 2 through 4 which deal with "what SHELD should be".

Mr. Doerpholz then stated that "what SHELD should be" is a very different issue that needs to be dealt with on its own merits and should not be combined with the new facility question. What SHELD should be is a subject for a charter commission, not the Light Board, the Manager, the Selectboard, or any other group. Mr. Doerpholz then proceeded to discuss some of the more significant legal, safety, efficiency, and economic problems that would result from the separation of SHELD's workforce and/or combination of SHELD's functions with those of other Town departments.

It was agreed that the Board would go ahead with the present questions but would meet again on this matter.

Manager Review and Contract Development

Chair Awad distributed a proposed basis for the review of the Manager. She acknowledged that none of the Board members have a long tenure of working with the Manager so she suggested that the review be done in a flexible way. Vice Chair Whitford suggested that the Board ask Mr. Doerpholz to state his objectives for the year and then, at the end of the year, discuss his progress. Mr. Doerpholz then distributed the letter he had written to the Board on July 15, 2015. Chair Awad then asked Mr. Doerpholz to present his perspective on the review and his goals at the September 24th meeting.

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Website

Mr. Doerpholz informed the Board that Paul Byrne has been hired as IT manager for SHELD, that he has developed a new webpage that can be updated in-house and that SHELD is doing the website hosting itself. He mentioned some features that will be included on the webpage. Chair Awad questioned whether the Board members' emails could be directly attached to them and Vice Chair Whitford indicated he would like to have Twitter in the field of play. Vice Chair Whitford indicated that he believes it is appropriate for the Board to communicate directly to the public through the website. Mr. Doerpholz said he would check into such a link. Chair Awad stated she would like to be able to put a monthly update from the Chair.

Board Composition

Chair Awad brought up the issue about moving to a five member Board. Mr. Doerpholz advised that he believes changing the Board in such a way would require the establishment of another town charter commission to look at all areas of the town. Chair Awad then stated that, having been in town government before, it is her understanding that a ballot question can be taken to voters without forming an entire charter commission; that, if approved, it can be an action at the state level that amends the town charter. Mr. Doerpholz recommended that this be discussed with Town Counsel.

Next Meeting

Chair Awad reminded the Board that the next meeting has previously been set for Thursday, September 24, 2015, at 6:00 p.m.

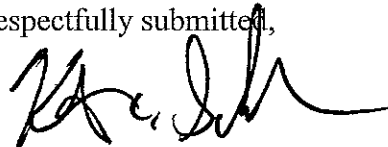
Adjournment

On motion made by Commissioner Schenker, seconded by Vice Chair Whitford, it was unanimously

VOTED: to adjourn.

The meeting was adjourned at 7:27 p.m.

Respectfully submitted,



Kurt C. Schenker, Clerk
Municipal Light Board

2/25/16