

**SOUTH HADLEY ELECTRIC LIGHT DEPARTMENT
BOARD OF COMMISSIONERS MEETING
SELECTBOARD MEETING ROOM, TOWN HALL
SEPTEMBER 26, 2019 AT 6:00 P.M.**

Present for the Board: Gregory Dubreuil, Anne Awad, John Hine, Peter McAvoy

Absent: Kurt Schenker

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

The meeting was called to order at 6:00 P.M. by Chair Gregory Dubreuil.

Minutes Approval:

8/22/2019 Open Session

On a motion made by Mr. Hine and seconded by Mr. Hine, it was unanimously

VOTED: To accept the minutes of the August 22, 2019.

Public Comment:

There were no public comments.

Manager's Report:

Outages:

There were no outages in the past month.

Fibersonic Update:

Mr. Fitzgerald updated the Board on the progress of the fiber. He said that interest continues to grow steadily. Customers, who previously "showed interest" and live in the fiberhoods where we are now doing installations, may be receiving phone calls or emails from staff as we follow up to get them connected. To date, there have been 85 installations completed and another 36 are scheduled.

This Saturday Fibersonic will be at McCray's Farm, from 8:00AM to Noon, holding a demonstration of our GIG speed service. The fiber trailer will be equipped with a television and staff members will be there to demonstrate streaming and answer questions customers may have about the service. Mr. Fitzgerald thanked McCray's Farm for allowing this event to be held on their property.

Construction has started in the Charon Terrace and Crystal Lane fiberhoods. Mr. Fitzgerald said that a survey is sent to each customer after the installation process is complete. Customers have said they are very happy with the results. Our technicians have responded to a couple of customers who were having slower download speeds. It was found that this was due to customers using older equipment that could not handle the faster speeds.

RFP for Independent Audit Services Update:

The Board directed Mr. Fitzgerald to create and release a RFP for Audit Services. The RFP packets were mailed out to eight firms that currently audit Massachusetts municipalities. The results of the RFP will be shared with the audit committee once they are received.

Mr. Dubreuil said he was going to touch base with Baker Tilly regarding their last audit presentation.

July 2019 Financials:

Mr. Conchieri referenced PowerPoint slides as he gave a brief overview of the Financials ending July 31, 2019.

Kilowatt hour sales for 2019 of 63,418,000 were down by 5% from 2018, or 3,282,000 kilowatt hours. Year-to-date revenues of \$8,230,000 were down by 1% from 2018, or about \$115,000. The \$115,000 consisted of a \$411,000 decrease in volume offset by a \$296,000 increase in selling price. We had budgeted for a \$282,000 revenue increase; the actual was \$397,000 lower.

The 2019 kilowatt hours purchased of 67,274,000 were down by 3% from 2018, or about 1,996,000. The 2019 cost of power sold at \$5,802,000 was down by about 4% from 2018, or \$225,000. The \$225,000 consisted of \$173,000 attributable to a lower kilowatt hour purchase volume plus \$52,000 in lower purchase price. We had budgeted for a decrease of \$167,000; the actual was a \$59,000 decrease.

The net revenue, after cost of power sold (i.e., gross profit) of \$2,428,000 was up from 2018 by about \$110,000, because the decrease in revenue was less than the decrease in cost of power. The budgeted decrease in revenue was greater than the cost of power; the actual net revenue was down by \$338,000.

All other 2019 operating expenses of \$2,801,000, on a net basis, were up from 2018 by about \$231,000 and up from the budgeted amount by \$21,000. Salary and wage expense in 2019 showed an increase of \$63,000 from 2018, and a decrease from the budgeted amount of \$56,000. Pensions and benefits were up by \$8,000 from 2018 and up from the budgeted amount by \$58,000. 2019 supplies and expenses showed an increase of \$150,000 from 2018 and were up from the budgeted amount by \$8,000.

July 2019 ended with a net YTD profit of about \$259,000, which was far better than the 2018 YTD loss of \$109,000 and better than the budgeted \$181,000.

Board members asked several questions about how the rate adjustments affect the financials and the customers. Mr. Conchieri clarified for them and explained that we need to estimate rates months ahead of time, then we make adjustments once we know the actual costs months later.

New Business:

Mr. Fitzgerald shared, with the Board, a letter from an electrician who was setting up a new service in town. The customer complimented Mr. Gilmore, Mr. Pirog and the staff on their prompt customer service which helped his project go smoothly.

Mr. Dubreuil mentioned that the end of the year was approaching and, in the past, the Board had skipped the November meeting because it usually falls on Thanksgiving. He suggested they have the last meeting of the year on December 5. The remainder of the Board agreed and said they could accommodate that date in their schedules.

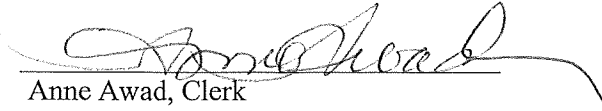
Mr. Dubreuil also reminded the Board that the Manager's annual evaluation is due in December. Mr. Dubreuil said he would send the evaluation form out to the Board to review. Mr. Fitzgerald offered to write his self-evaluation and send it to the Board ahead of time. The Board agreed that would be very helpful.

Ms. Awad commented on the informality of the Board meetings and said she would like to see the meeting conversations be addressed through the Chair. Mr. Dubreuil agreed that he would like to have the meetings a little more formal and he would try to run the meetings accordingly.

Adjourn:

On a motion by Mr. Hine and seconded by Mr. McAvoy, it was unanimously
VOTED: to adjourn

The open session ended at 6:28 P.M.



Anne Awad, Clerk

Approved: October 24, 2019

EXHIBIT A

List of Documents reviewed at the September 26, 2019 Municipal Light Board Meeting

1. Draft Open Session Minutes of the MLB August 22, 2019 meeting
2. Management Report July 31, 2019 and 2018