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## SPRINGFIELD WATER AND SEWER COMMISSION

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## SPRINGFIELD WATER AND SEWER COMMISSION

### Minutes of Meeting

October 7, 2019

The Springfield Water and Sewer Commission held a meeting at the John J. Lyons Administration Building, Agawam, MA, on October 7, 2019.

Chairman Daniel Rodriguez called the meeting to order at 12:01 p.m. and Commission Secretary Jaimye Bartak called the attendance roll:

William E. Leonard, Present  
Daniel Rodriguez, Present  
Vanessa Otero, Present

Also Present  
Joshua Schimmel, Executive Director  
Norman J. Guz, Commission Counsel  
Anthony Basile, Comptroller  
Domenic Pellegrino, Director of Finance  
Bruce Leiter, Attorney for the Commission  
Jaimye Bartak, Communications Manager/Secretary of the Commission

### New Business

1. Certification of CIP Amendment 2019-09: Report by Director of Finance.

Director of Finance Domenic Pellegrino reported that the two projects in the CIP amendment will be covered in the bond sale. Both projects are complete and in service. The CIP amendment includes a decrease of \$151,580.76 for sewer rehabilitation project 12A-2018, and a decrease of \$218,902.71 for water main replacement project 12B-2018.

**UPON MOTION DULY MADE BY COMMISSIONER LEONARD AND SECONDED BY COMMISSIONER RODRIGUEZ  
VOTED UNANIMOUSLY:** to approve CIP Amendment 2019-09.

2. Consideration of CIP Amendment 2019-10: Report by Director of Finance.

Mr. Pellegrino reported that project 12A-2019 is included in the next revenue bond sale. There is still some emergency repair work that needs to be done in the surrounding streets. This amendment incorporates the additional work that needs to be done.

**UPON MOTION DULY MADE BY COMMISSIONER LEONARD AND SECONDED BY COMMISSIONER RODRIGUEZ VOTED UNANIMOUSLY:** to approve CIP Amendment 2019-10.

3. Consideration of Approval of 38<sup>th</sup> Supplemental Resolution – General Revenue Bond 2019 Series E: Report by Commission Counsel.

Commission Counsel Norm Guz reported on the potential issuance of and up-to-\$20 million revenue bond. He explained that authorization of a bond is a much different procedure than for Clean Water Trust funds. An official statement needs to be issued that outlines the purpose of each of the projects being funded by the bond. Some projects have already commenced and the bond sale will provide reimbursement. Closing is anticipated in mid-November.

Executive Director Josh Schimmel reported he will be making a presentation to S&P on Thursday morning. Commissioners were invited to attend to support the long-term capital plan. S&P rates bonds that the Commission sells, and the rating determines the rate of the bond. Rating upgrades were obtained in 2014 and 2017.

Commissioner Rodriguez noted that the Commission's rating is very strong, and that the central uncertainty last time the rating was considered was Solutia. That is still the same, but now there is a stabilization fund. Mr. Guz commented that obtaining the rating upgrade means that bonds no longer need to be insured. Mr. Pellegrino provided Commissioners with the preliminary official statement and reminded them of their obligation to disclose inaccurate information as to the use of the bond proceeds, the operations, and obligations by the Commission.

**UPON MOTION DULY MADE BY COMMISSIONER LEONARD AND SECONDED BY COMMISSIONER RODRIGUEZ VOTED UNANIMOUSLY:** to authorize the 38<sup>th</sup> Supplemental Resolution – General Revenue Bond 2019 Series E.

4. Consideration of 2019 Electric Supply Contract Term: Report by Commission Counsel.

Mr. Guz reported that a bid for a supply of electricity will be issued. The current contract expires in December. The cost of generation would be added to the demand price. It is important that the supplier is an asset holder, but since no suppliers hold assets, a Tier 1 company is preferred. A Tier 1 company is typically a publicly held investment-grade company traded on the LSE and NYSE. There are three proposals, and two of them are from Tier 1 companies, and they are wholly owned subsidiaries of other companies. The other company is a Tier 2, privately held company. Commissioners are asked to consider a contract term for a term of up to 40 months.

Mr. Schimmel added that due to the volatility in the market the term of the contract may depend on the best pricing where a couple of months beyond a two or three year term may be added or subtracted by the bidders. The last supplier went bankrupt, and third-party auditing of every bill will now take place. Competitive Energy Services LLC is a broker and also will monitor bills for the top electric accounts. Internal controls are being put into place. The goal is a two-year contract to align with the new operations contract of the wastewater treatment plant.

Commissioner Otero asked what others were doing to obtain their electricity, and if there is a government agency that guarantees electric supply contracts. Mr. Guz replied that the City uses a broker and that there is no public guarantee agency for energy.

Comptroller Tony Basile noted that with internal controls now in place, defaulting back to Eversource retail rates will no longer happen. Mr. Guz added that there was previously not someone reviewing the rates in the contract. The lowest bidder does not have to be chosen, but it would be hard to make the case for a Tier 2 company.

**UPON MOTION DULY MADE BY COMMISSIONER LEONARD AND SECONDED BY COMMISSIONER RODRIGUEZ VOTED UNANIMOUSLY:**

to authorize the executive director to enter into an electric supply contract for term not to exceed 40 months.

5. Update on Water and Sewer Activities: Report by Executive Director.

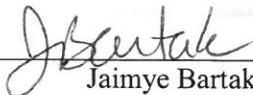
Mr. Guz reported on the purchase of the Fontaine property in Blandford. One of the requirements of the purchase and sale was that the Commission would pay for the subdivision of the property. The large parcel would be subdivided to equal the grant. Thirty-three acres with the home would be sold separately. The counsel for Fontaine was required to notify the Town of Blandford of the sale of the 33 acres of property since it was in Chapter 61A. Blandford town counsel rejected Fontaine's notice of intent as it only covered 30 acres of the 33. Fontaine wanted the Commission to buy the entire property and then go through the Chapter 61A process with the Town. The risk was that the Town could exercise its right with the 30 acres and then the Commission would need to sell the three remaining acres with the house and barn. Mr. Guz recommended that Fontaine's request be considered unacceptable and the negotiations ended.

**AT 12:29 PM UPON MOTION DULY MADE BY COMMISSIONER LEONARD AND SECONDED BY COMMISSIONER RODRIGUEZ, THE COMMISSIONERS VOTED UNANIMOUSLY to enter into executive session to discuss the 42" bypass transmission main project. It was determined that holding the discussion in public session could be detrimental to the Commission's position in potential litigation. It was announced that public session will not resume at the end of executive session.**

6. Consideration and/or action on any other matters that may come before the Commission at this meeting.

None considered.

The next Commission board meeting will be held on Thursday, October 17, 2019 at 9 AM.



Jaimye Bartak, Secretary

