

BLOCK ISLAND UTILITY DISTRICT



Despite work restrictions, BIPCO crews have been busy preparing for the system for the season. The services at Payne's Dock, the National Hotel and Ballard's (shown in this photo) were recently upgraded to enable increased load growth. Four capacitor banks were also installed this spring which will reduce system losses and improve voltage quality.

**BOARD OF COMMISSIONERS MEETING
JUNE 13, 2020**

**Block Island Utility District
Regular Meeting of Board of Commissioners
June 13, 2020 @ 11:00 AM**

***Meeting Held Remotely by Zoom due to
Corona-19 Town of New Shoreham
Emergency Order***

1. Public Input
2. Approve Minutes:
 - a. May 16, 2020, May 28, 2020 Regular Meetings
 - b. May 29, 2020 Emergency Meeting
3. Receive and Act on Treasurers Report
 - a. Review Financials - YTD Ending 4/30/2020
4. Review and Act Upon Financial Policy Revision
5. Receive and Act on Presidents Report
 - a. Review Financial Impacts of COVID-19 Pandemic
 - i. Sales projections
 - ii. Collections
 - iii. Contingency Planning Update
 - iv. PPP Loan Update
6. Receive and Act on Employee Housing Project

Posted: June 9, 2020

Join Zoom Meeting

<https://us02web.zoom.us/j/2505454073>

Meeting ID: 250 545 4073

One tap mobile

1-312-626-6799

AGENDA ITEM 1
PUBLIC INPUT

(THIS PAGE INCLUDED FOR NOTES)

AGENDA ITEM 2
APPROVE MEETING MINUTES

May 16, 2020

May 28, 2020

May 29, 2020

Block Island Utility District
May 16, 2020
11:00 AM

HELD REMOTELY VIA ZOOM DUE TO COVID-19 AND TOWN OF NEW SHOREHAM
EMERGENCY ORDER

Minutes

Participating BOD Members Present via ZOOM: Barbara MacMullan, Bill Penn, Everett Shorey, Elliot Taubman and Mary Jane Balser.

Also Present: President Jeffery Wright and a representative from the BI Times.

Barbara MacMullan called the meeting to order at 11:02 AM.

1. Public Input

- None.

2. Commissioner's Report

- Barbara MacMullan welcomed everyone to the meeting.

3. Approve Minutes of the April 25, 2020 regular meeting.

Bill Penn moved to accept the April 25, 2020 minutes with several typos corrected. Elliot Taubman seconded the motion. There was no discussion. The motion passed unanimously.

4. Receive and Act on Treasurer's Report

- Treasurer Bill Penn reported that he reviewed the March disbursements and found everything in accordance with the BIUD financial policy.
- Treasurer Bill Penn presented the YTD financials ending March 31, 2020.
 - Everett Shorey requested that we break out AR Electric by billed/unbilled.
 - Bill Penn presented our equity ration had dropped to 6%, which was expected.
 - President, Jeffery Wright discussed the capital budget and Construction Work-In-Progress explaining that the overall capital budget includes the \$400K capital fund, internal labor of approximately \$180K and approximately \$100K of off-setting reimbursements from Verizon that would be paid in the July/August timeframe.

5. Receive and Act on President's Report

- President Jeffery Wright presented the President's Report (on record) and answered questions from those on the call.
- A lengthy discussion was had pertaining to BIUD's financial contingency planning. Bill moved to approve the contingency plan as presented. Elliot Taubman seconded the motion and it passed unanimously.
- The BOD request weekly updates regarding sales/collections.
- A lengthy discussion was also had regarding requesting a SO/Transmission rate adjustment and the need to file before June 1st to capture the July sales period. It was agreed to prepare a filing to

be filed before June 1st and a May 28th meeting was agreed upon to approve the requested adjustment.

- The BOD discussed authorizing Jeffery Wright to apply for a PPP loan given the most recent financial information. Everett Shorey moved to authorize Jeffery Wright to apply for the PPP loan. Bill Penn seconded the motion and it passed unanimously.

6. Review and Act on the Audit report

- President Jeffery Wright presented the work plan, schedule and engineering grade budget for the voltage conversion, on file. A lengthy discussion and many questions were answered. At this time BIUD will continue working on the financial planning and work plan with a goal of doing the conversion within the next year if possible.

5. Report on Employee Housing

- Bill Penn and Mary Jane Balser presented the current status of the project, draft drawings/plans on file.
- A discussion was had regarding the schedule that would meet the needs of the HDC and bidding requirements that would enable a 2020 construction schedule.

Barbara MacMullan moved to adjourn the meeting at 1:10 PM, seconded by Bill Penn. The motion passed unanimously.

APPROVED: _____

POSTED _____

Block Island Utility District
May 28, 2020
9:30 AM

HELD REMOTELY VIA ZOOM DUE TO COVID-19 AND TOWN OF NEW SHOREHAM
EMERGENCY ORDER

Minutes

Participating BOD Members Present via ZOOM: Barbara MacMullan, Bill Penn, Everett Shorey, Elliot Taubman and Mary Jane Balser.

Also Present: President Jeffery Wright, David Bebyn and a representative from the BI Times.

Barbara MacMullan called the meeting to order at 9:30 AM.

1. Discuss and Act on Standard Offer and Transmission Rate Adjustment

- President Jeffery M. Wright and David Bebyn presented the rate filing, on record, and recommended basing the rate adjustment on a reduction of monthly sales as following: May 23%, June 21%, and 19% for July, August and September.
- A lengthy discussion was had regarding monthly sales projections and it was decided to change the June projection to a reduction of 40% based on the current slow opening of Block Island.
- Barbara MacMullan moved to approve the request for rate adjustment based on the adjusted projection. Everett Shorey seconded the motion and the motion passed unanimously.

Barbara MacMullan moved to adjourn the meeting at 10:18 AM, seconded by Bill Penn. The motion passed unanimously.

APPROVED: _____

POSTED _____

**Block Island Utility District
May 29, 2020
1:00 PM**

HELD REMOTELY VIA ZOOM DUE TO COVID-19 AND TOWN OF NEW SHOREHAM
EMERGENCY ORDER

Minutes

Participating BOD Members Present via ZOOM: Barbara MacMullan, Bill Penn, Everett Shorey, Elliot Taubman and Mary Jane Balser.

Also Present: President Jeffery Wright and a representative from the BI Times.

Barbara MacMullan called the meeting to order at 1:02 PM.

EMERGENCY MEETING DECLARATION

BIUD Board Chair, Barbara MacMullan explained that this meeting was being convened with less than 48-hours notice due to the need to approve a filing to the PUC to adjust BIPCOs standard offer rate to reflect significantly reduced sales due to the COVID pandemic. The deadline to file the testimony was Monday June 1, in less than 48 hours.

She moved to convene the meeting as described above. Everett Shorey seconded the motion and the motion passed unanimously.

MOTION TO RE-OPEN SO/TRANS RATE ADJUSTMENT DISCUSSION

Elliot Taubman then moved to re-open the SO/Transmission rate adjustment discussion. Barbara MacMullan seconded the motion and the motion passed unanimously.

President Jeffery M. Wright explained that after making the requested adjustments to the filing the day prior, he requested that the BOD approve an adjusted rate based on a 30% reduction in June. He recommended leaving all other months unchanged.

Barbara MacMullan moved to approve the application to the PUC to re-open the Standard Offer Proceeding to adjust rates to reflect significantly lower sales due to the COVID pandemic as outlined in the prepared testimony, subject to adjustment to the calculations if deemed necessary by Jeffery Wright and David Bebyn to reflect any additional sales information. Everett Shorey seconded the motion and the motion passed unanimously.

ADJOURNMENT

Barbara MacMullan moved to adjourn the meeting at 1:16 PM, seconded by Everett Shorey. The motion passed unanimously.

APPROVED: _____

POSTED _____

AGENDA ITEM 3
RECEIVE AND ACT ON TREASURES REPORT
FINANCIALS YTD APRIL, 2020

Block Island Utility District
Balance Sheet
April 30, 2020

ASSETS

	April 30, 2020	April 30, 2019
<u>Property and Equipment</u>		
Land	\$ 867,685.78	\$ 822,738.98
Buildings	550,224.70	464,663.03
Machinery & Equipment	1,593,257.83	1,973,972.46
Distribution System	2,504,707.59	2,001,189.04
Office System, Furniture & Fixture	288,964.68	273,903.60
Transportation Equipment	19,945.60	12,289.57
Construction Work in Progress-Distribution	454,868.39	67,253.83
Total Property and Equipment	6,279,654.57	5,616,010.51
Total Accumulated Depreciation	<288,643.62>	<19,276.00>
<i>Net Utilities Plant</i>	5,991,010.95	5,596,734.51
<u>Current Assets</u>		
Cash - Main Checking	252,395.03	236,641.95
Cash - Sweep Acct	21,832.36	12,272.15
Accounts Receivable Elect	48,336.51	73,322.68
Allowance For Bad Debt	(19,587.93)	(19,587.93)
Accounts Receivable-Other	2,141.75	7,447.96
AR-Cash due from BIPCo	16,090.16	1,275.82
AR-Blackrock Acct due from BIPCo	0.00	158,864.04
Unbilled Revenue	222,197.00	215,969.47
Plant Material & Operation	266,936.07	170,837.06
Fuel Inventory	45,439.02	48,832.04
Prepaid Expenses	11,181.73	30,090.70
Total Current Assets	866,961.70	935,965.94
<u>Deferred Assets</u>		
Def. Regulatory Asset-retiremt	202,750.88	206,297.35
Def. Regulatory Asset-Eng.Res	0.00	0.00
Def. Regulatory Asset-RateCase	106,838.77	0.00
Def.Regulatory Asset-Interconnection	132,935.12	181,367.76
Total Deferred Assets	442,524.77	387,665.11
Total Assets	\$ 7,300,497.42	\$ 6,920,365.56

Block Island Utility District
Balance Sheet
April 30, 2020

LIABILITIES AND CAPITAL

	<u>April 30, 2020</u>	<u>April 30, 2019</u>
<i>Current Liabilities</i>		
Accounts Payable Trade	\$ 152,099.19	\$ 139,883.50
AP-NISC Admin Software	0.00	18,012.00
A/P - Customer Deposits	76,747.92	66,569.00
Accrued Purchase Power Expenses	362,512.46	188,839.82
Accrued Other Expenses	27,045.39	38,450.00
DSI Surcharge Payable	11,744.80	(56,429.18)
Accrued Payroll and Withholdings	<u>0.00</u>	<u>0.00</u>
Total Current Liabilities	630,149.76	395,325.14
<i>Deferred Credits</i>		
Deferred Revenue	(51,711.96)	15,988.57
SCR & Engine Maint Reserve	<u>0.00</u>	<u>380,714.63</u>
Total Deferred Credits	<51,711.96>	396,703.20
<i>Long-Term Liabilities</i>		
Line of Credit	350,000.00	340,943.22
Retirement Obligations	202,750.88	206,297.36
CFC Acquisition LOAN	<u>5,748,387.21</u>	<u>5,800,000.00</u>
Total Long-Term Liabilities	<u>6,301,138.09</u>	<u>6,347,240.58</u>
Total Liabilities	6,879,575.89	7,139,268.92
<i>Capital</i>		
Retained Earnings	815,649.00	(24,050.53)
Net Income	<u>(394,727.47)</u>	<u>(194,852.83)</u>
Total Capital	<u>420,921.53</u>	<u><218,903.36></u>
Total Liabilities & Capital	<u><u>\$ 7,300,497.42</u></u>	<u><u>\$ 6,920,365.56</u></u>

Block Island Utility District
Income Statement
For the Four Months Ending April 30, 2020

	Current Month Actual	Year to Date Actual
Revenues		
<u>Revenue from Rates</u>		
Residential Sales	\$ 21,213.19	\$ 84,056.40
Commercial Sales	5,803.53	25,252.52
Demand Electric	35,717.28	145,516.32
Public Authority	5,380.51	25,874.81
Street Lighting	584.03	2,336.12
Customer Charge	26,418.92	105,638.39
Demand - All Rates	10,072.32	37,873.49
System Charge	-	-
<u>Other Revenue from Operations</u>	-	-
Biller Penalty (Interest on Delinquent Accts)	1,479.51	5,194.27
Rent - Antennas	18,891.68	75,566.72
Rent - Tower	800.00	3,200.00
Rent - Property	2,400.00	9,600.00
Misc. Income (Misc., Interest & Connections)	950.00	(961.03)
Total Revenues	129,710.97	519,148.01
Expenses		
Total Generation-Operating Expense	16,184.22	65,691.54
Total Generation-Maintenance Expense	761.08	50,011.25
Total Distribution-Operating Expense	8,264.08	47,619.58
Total Distribution-Maintenance Expense	22,044.80	135,005.45
Total Customer Accounts/Customer Service	4,480.00	24,059.80
Total Administrative/General Expenses	63,579.74	429,682.99
Total Depreciation Expenses	22,203.00	88,812.00
Total Interest Exp on Line & Long- term debt	-	49,226.01
Total Miscellaneous Expense	295.98	1,178.51
Total Taxes	4,134.30	22,588.35
Total Expenses	141,947.20	913,875.48
Net Profit Before Fuel Rev./Exp.	(12,236.23)	(394,727.47)
<u>Fuel Expenses/(Revenue)</u>		
Fuel/Standard Offer/Transmission income	(110,772.68)	(454,513.95)
Purchase Power Expenses	155,358.70	631,353.30
Net SO/TC due to ratepayers	(44,586.02)	(176,839.35)
<i>Net Fuel Expense/(Revenue)</i>	<i>-</i>	<i>-</i>
Net Income	\$ (12,236.23)	\$ (394,727.47)
<u>Reserves Expenditures</u>		
Remove Depreciation Adj (A)	(22,203.00)	(88,812.00)
Debt Service Principal (includes CAT)	-	25,923.92
Inventory Purchased	3,015.00	28,532.00
Capital Exp - Work In Progress	25,434.49	461,394.19
Capital Exp - Distrib Work	-	-
Capital Exp - Other Assets	-	-
<i>Total Reserve for Exp.</i>	<i>6,246.49</i>	<i>427,038.11</i>
Net Income Cash Budgetary Basis	\$ (18,482.72)	\$ (821,765.58)

Block Island Utility District
Supplemental Information Statement
For the Four Months Ending April 30, 2020

	April 2020	April 2019	YTD April 2020	YTD April 2019
Rate Revenues				
Residential Sales	\$ 21,213.19	\$ 19,580.00	\$ 84,056.40	\$ 86,192.00
Commercial Sales	5,803.53	6,533.00	25,252.52	38,184.00
Demand Electric	35,717.28	35,180.00	145,516.32	144,947.00
Public Authority	5,380.51	6,642.00	25,874.81	28,081.00
Street Lighting	584.03	583.00	2,336.12	2,332.00
Customer Charge	26,418.92	26,147.00	105,638.39	104,339.00
Demand - All Rates	10,072.32	7,676.00	37,873.49	38,755.00
System Charge	-	-	-	-
Total Revenues	105,189.78	102,341.00	426,548.05	442,830.00
			-3.68%	
Rate Revenues -KWH Usage				
Residential Sales	233,112	215,163	919,767	947,178
Commercial Sales	47,527	54,217	209,486	316,884
Demand Electric	329,197	322,754	1,331,939	1,329,791
Public Authority	53,436	66,300	266,558	280,576
Total Revenues	663,272	658,434	2,727,750	2,874,429
			-5.10%	
Rate Revenues -Customer Counts				
Residential Sales	1,264	1,293	5,055	5,177
Commercial Sales	285	294	1,140	1,177
Demand Electric	367	325	1,457	1,286
Public Authority	33	31	132	122
Total Revenues	1,949	1,943	7,784	7,762

	April 2020	April 2019	YTD April 2020	YTD April 2019
Payroll				
Capital Exp - Work In Progress				
Capitalized Labor	\$ -	\$ 15,195.89	\$ 50,787.33	\$ 54,867.55
Generation-Maintenance Expense				
Inside Maintenance	-	-	-	-
Maint of Station Equipment	15,264.00	12,735.45	50,874.60	53,257.73
Distribution-Operating Expense				
Overhead lines	-	1,978.74	4,266.40	14,590.91
Distribution-Maintenance Expense				
Overhead Lines	22,044.80	4,240.59	42,749.35	22,490.59
tree trimming	-	-	2,115.43	-
Customer Accounts/Customer Service				
Records & Collections	4,480.00	4,844.85	19,789.00	21,887.63
Administrative/General Expenses				
Vacation Pay	-	1,168.80	13,116.78	9,104.60
Holidays worked	-	-	6,268.32	3,825.28
Holidays not worked	-	-	-	-
Sick Leave	-	2,341.05	3,401.26	4,881.37
Personal time	-	952.64	1,647.87	1,914.20
CEO Salary	12,122.60	11,826.92	50,005.72	45,719.32
Total	\$ 53,911.40	\$ 55,284.93	\$ 245,022.06	\$ 232,539.18

AGENDA ITEM 4

RECEIVE AND ACT ON FINANCIAL POLICY REVISION

Financial Management Policies and Procedures

For

Block Island Utility District

Date: _____

DRAFT – REV 4

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Section 1: Purpose

This Financial Policy is to provide guidelines and direction from the Board of Commissioners (hereinafter “Board”) to Management in order to maintain a sound financial position and provide for the security of the financial resources of the Block Island Utility District (hereinafter “Utility District”).

The Utility District is organized under the laws of the State of Rhode Island and will at all times be operated on as a quasi-municipal corporation, having a distinct legal existence from the state, established and empowered to:

1. Fulfill electric utility functions, powers, rights and obligations;
2. Exercise certain powers as an electric distribution company and power producer; and
3. Provide additional utility services not inconsistent with the duties, power and obligations of the utility district.

In addition to these legal requirements, the Utility District is guided in its operations by regulations and operational practices prescribed by various regulatory bodies and/or lender(s). Beyond these legal, regulatory, and lending requirements, the Utility District has an obligation to its members to ensure the financial integrity of the Utility District so that it can provide high quality electric service at the lowest possible long-term cost consistent with prudent business practices not only for today, but long into the future.

Section 2: Responsibilities

Review and Approval by the Board. The Board is responsible for: (1) reviewing, discussing, and evaluating the Utility District President’s (hereinafter “President”) recommendations for the Financial Policy; (2) approving the Financial Policy as presented or amended; (3) reviewing and evaluating this Policy annually; (3) revising this Policy as circumstances warrant.

Implementation of the Policy. The President is responsible for implementing this Policy and for overseeing development of the practices and procedures necessary to maintain the financial integrity of the District.

Recommendations to the Board. The President is responsible for recommending to the Board revisions to this Policy as circumstances warrant.

Compliance with the Policy. The Board and President are responsible for assuring compliance with this Policy.

Section 3: Planning Documents

In order to maintain a sound financial position and provide for the most effective management and security of the financial resources of the Utility District, the Board directs the President to create and/or update or see to the creation and/or updating of the following planning reports and documents (hereinafter “Reports”). These Reports shall be created/updated on a regular basis with frequencies no less than the timeframes in the table below. All Reports shall be reviewed and approved by the Board. Note that from time to time there may be other planning reports not included below that may be necessary to meet this policy’s intent.

Planning Report Description	To Be Created/Updated with frequencies no less than the following
Wholesale Power Contract	Annually
Load Forecast Study (formerly PRS)	Annually
Long Range Construction Plan	2 Years
Construction Work Plan	2 Years
Cooperative Strategic Plan	2-3 Years
10 Year Financial Forecast	Annually
Capital Budget	Annually
Operating Budget	Annually

The Utility District shall use all resources at its disposal to assist in preparing the aforementioned planning reports. These resources shall include, but are not limited to: annual independent audit; CFC Key Ratio Trend Analysis (KRTA); historical operating statements, balance sheets, and cash flow analyses; and cost of service study.

Section 4: Financial Goals and Parameters

The Board directs Management to operate the Utility District so that its financial operating results are within the following goals and parameters as established by the Board. Utility District management shall review these financial goals and parameters annually and recommend changes to the Board, if necessary.

Equity Ratio

In order to minimize the risks associated with insolvency and maintain an optimal cost of capital, management shall strive to achieve the following equity ratio(s):

Total Equity: The Board will set a short term and long equity goal which is acceptable to the Utility District’s lenders.

Equity ratio is defined as Total Margins & Equity divided by Total Assets, as calculated by KRTA ratio 16, on a consolidated basis.

Coverage ratios

In order to minimize liquidity and insolvency risk, management shall achieve the following coverage ratio as set by the National Rural Utilities Cooperation Finance Corporation (CFC):

In accordance with the security agreement requirements of CFC, The Utility District shall maintain a minimum average MDSC (2 of 3 year high average) of 1.35. MDSC (2 of 3 year high average) is defined as the average of the high two MDSC ratios of the last three years, as calculated by KRTA ratio 11.

Cost of Service Study

Management and Board shall strive to maintain a fair, equitable and risk rated balance between the collection of revenue and incurring of expenses between all revenue classes. This balance shall be determined through completion of an industry accepted cost-of-service study, completed on a regular basis, but no less frequently than once every 3 years.

Section 5: Financial Forecasting

Management shall create financial forecasts including an Annual Budget and a 10-year financial forecast, further described below. The forecasts shall use the planning documents identified in section 3 and incorporate the financial goals identified in section 4.

Annual Budget

Based on the planning documents and the financial goals identified in sections 3 and 4, management shall prepare or cause to be prepared an annual financial budget. The budget shall be prepared for the ensuing fiscal year and shall be presented to the Board for their approval no later than October. An Annual Financial Forecast will be presented annually at the Utility District's Annual Meeting each year.

The budget shall include, at a minimum, the following:

- Assumptions used to prepare the budget
- Description of the primary changes and projects contemplated for the coming year
- Statement of operations by month
- Balance sheet
- Statement of changes in cash flow, detailing cash from operations, investing and financing
- Capital Expenditures (CAPEX) by month

10-year financial forecast

Based on the planning documents and the financial goals identified in sections 3 and 4, management shall prepare, or cause to be prepared, a 10-year financial forecast. The first forecast year will contain the financial data from the annual

budget above. A summary of the financial forecast shall be reported to the Board no later than October at its regular or special board meeting each year. The financial forecast shall include and comply with all of the financial goals and parameters identified by the Board in section 4 plus include significant assumptions utilized in its preparation. In order to comply with typical lender requirements, the 10-year financial forecast shall, at a minimum, contain the following sections:

- Ratios
- Balance sheet
- Statement of operations
- General funds
- Load projections
- Determination of operating revenue
- Plant investment
- Determination of debt and debt service
- Cash flow

Conflicts with financial goals

If the financial goals in section 4 conflict with each other to such a degree that the financial forecast cannot reasonably achieve all of them at the same time, management shall communicate the conflict(s) to the Board. The Board shall, with Management's guidance, discuss and resolve these conflicts.

Rate policies/philosophy

Management shall recommend to the Board retail electric rates as recommended or amended to meet the aforementioned financial goals established by the Board. The rates shall include a power cost factor adjustment designed to automatically adjust revenues based on changes in the Utility District's wholesale power cost.

Section 6: Collateralization of Bank Accounts

All deposits shall be secured by obligations of the United States or of Rhode Island with the market value at all times must being greater than or equal to 100% of the deposits.

Section 7: Receipts

All receipts are to be deposited into the Washington Trust Company Receipt or Sweep Account. Once the deposits are cleared, they are automatically transferred to the General Checking Account.

Section 8: Disbursements

All Disbursements are to be made from the Washington Trust Company General Checking Account..

- Invoices: All invoices are to be approved by the President and at least one other employee familiar with the invoice.

- ACH Payments: All ACH Payments are to be approved by the President and at least one other employee familiar with the invoice.
- Payroll: ADP will provide payroll services and will be administered by the President. Payroll records will be reviewed by the District's Treasurer on a monthly basis.
- Credit Card: The President's company credit card statements and supporting backup will be reviewed by the District's Treasurer on a monthly basis.
- Check Run Reports: Check run reports will be reviewed by the Utility District's Treasurer on a monthly basis.
- President's Expense Report: The Utility District's Treasurer or Chairperson must approve the President's expense reports before the reimbursement is paid.

Section 9: Petty Cash

The amount of Petty Cash shall not exceed \$750.

Section 10: Short Term Investments

Short Term Investments shall be limited to Washington Trust Company ICS, the Insured Cash Sweep Service, and/or CDARS.

Section 11: Short Term Debt

The District will maintain a Short-Term Working Capital Line of Credit with a lender approved by the Board (currently CFC). The amount of the Line of Credit will be based on short term Cash Flow Projections. The outstanding balance under the Line of Credit will zero during each fiscal year. The Chair, President and Treasurer are authorized to drawdown and repay amounts under the Line of Credit.

- The line-of-credit for short-term operating purposes shall not exceed what is approved by the Board.
- The President shall consider and discuss establishing a line-of-credit for interim or bridge financing with the board on a case-by-case basis.
- The President is authorized to establish emergency lines-of-credit as necessary to support the capital and operating needs of storm recovery efforts

Section 12: Long Term Debt

The District will use Long Term Debt with a lender approved by the Board (currently CFC) to finance long term capital investments.

The aggregate amount of all loans drawn and available to be drawn by the District shall not exceed the maximum debt limit (MDL) as identified in the District's mortgage documents.

Section 13: Procurement - Code of Conduct

No employee, officer, commissioner or agent of BIUD shall participate in the selection, award or administration of a bid or contract if a conflict of interest is real or apparent to a reasonable person.

No employee, officer, commissioner or agent of BIUD shall do business with, award contracts to, or show favoritism toward a member of his/her immediate family, spouse's family or to any company, vendor or concern who either employs or has any relationship to a family member; or award a contract or bid which violates the spirit or intent of Federal, State and local procurement laws and policies established to maximize free and open competition among qualified vendors.

No employee, officer, commissioner or agent of BIUD shall solicit or accept gratuities, gifts, consulting fees, trips, favors or anything having a monetary value in excess of twenty-five dollars (\$25) from a vendor, potential vendor, or from the family or employees of a vendor, potential vendor or bidder; or from any party to a sub-agreement or ancillary contract.

Section 14: Procurement – Level of Approvals

The Utility District President will approve all purchases made by the Utility District and its employees.

The Utility District President is authorized to approve budgeted purchases up to \$100,000. He/she will inform the Board of any purchase >\$100,000 prior to committing to the purchase.

The utility District President is authorized to approve unbudgeted purchases up to \$15,000. He/she will obtain Board Approval for purchases >\$15,000 prior to committing to the purchase.

Exception: In the event of an emergency need such as storm damage repair or other immediate urgent need, the President is authorized to make purchases after informing the Board Chairperson or Treasurer of the need. In the event of an imminent threat that may require pre-planning and staging of materials and contract help, the President shall ensure adequate lines of credit to cover anticipated costs and if appropriate inform the RI-PUC and DPUC of the unplanned financial impact.

Section 15: Procurement – Bid Process

All procurement transactions will be conducted to provide – to the maximum extent possible – free and open competition among suppliers. The purchasing process must identify and clearly specify standards for the goods or services desired and seek competitive offers where possible to obtain the best possible quality at the best possible price. The standards and specifications shall be communicated consistently among all vendors.

For purchases up to \$10,000, the purchaser shall obtain competitive pricing from as many qualified vendors as possible. This can be done verbally, via e-mail or by a formal request for proposal (“RFP”).

For purchases greater than \$10,000 and less than \$50,000, the purchaser shall obtain competitive pricing from as many qualified vendors as possible. This can be done via e-mail or by a formal request for proposal (“RFP”). All requests for pricing, vendor proposals and selections shall be retained for at least five years.

For purchases greater than \$50,000, the purchaser shall obtain competitive pricing from as many qualified vendors as possible, preferably no less than three vendors. This shall be done using a formal request for proposal (“RFP”) and a formal contract shall be executed. All requests for pricing, vendor proposals, selections and resulting contracts shall be retained indefinitely.

Price should be one of the factors in the evaluation of responses, but BIUD does not require accepting the lowest price if other factors are important to the decision.

- There should be an objective method for selection, and any factors for evaluation and selection should be listed in the procurement documents.
- Awards shall be made to the bidder or offeror whose bid is responsive to the solicitation and is most advantageous to the Organization (price, quality and other factors considered).
- A bid may be rejected when it is in the Organization’s interest to do so.

All procurement files must include the basis for contractor selection, justification for lack of competition when competitive bids or offers were not obtained.

Sole source vendors may be used for manufacturer specific items such as Milton Cat for generating equipment.

Single source warehouse vendors can be used for specialized electric utility equipment in order to streamline procurements provided competitive pricing is obtained at least once every two years. Examples of warehouse vendors includes electrical suppliers such as Wesco or Graybar and pole suppliers such as Coppers or MacFarland Cascade

Whenever possible, BIUD must engage in affirmative efforts to utilize small businesses, local businesses, minority owned firms, and women's business enterprises.

Section 16: Financial Management and Accounting System

The billing and accounting system used by the Utility District will be provided by the National Information Solutions Cooperative (NISC). Any change must be approved by the Board.

Section 17: Financial Statements

- Monthly Balance Sheet, Profit and Loss Statement and Cash Flow Statement in accordance with GAAP shall be prepared to be reviewed at monthly Board Meeting.
- Audited and Certified Financial Statement shall be prepared within 120 days at the end of each fiscal year.

AGENDA ITEM 5
RECEIVE AND ACT ON PRESIDENTS REPORT

PRESIDENT'S UPDATE

JUNE 13, 2020

BIUD's Response to COVID-19 Pandemic

We are back to full time work with extra safety precautions in place to protect ourselves from each other and members.

May Retail Sales

We forecasted a 23% reduction in May sales in our request for the SO/Trans rates adjustments. Actual sales were down 21.4%.

The reduction in revenues in May 2020 (\$241,660) compared to May 2019 (\$300,057) was 19.5%.

The results are all shown in the dashboard in the following pages.

June Deliveries and Forecast

We forecasted a 30% reduction in May sales/deliveries in our request for SO/Trans rates adjustments. Deliveries from June 1 – June 9 are tracking down 16.5%.

The actual deliveries and forecast is shown in the dashboard in the following pages.

PUC Hearing for So/Trans Rates Adjustment

The full filing is posted on our website. A hearing has been set for June 23rd. It will be held via Zoom and will be stream live on the PUC website.

Collections

Past due accounts total \$66,452, more than double our normal level.


The PUC issued its first order prohibiting shutoffs for non-payment on March 16th. They have extended it three times. It currently runs through July 15th.

96 of 1,962 accounts have past due balances of greater than \$100 but less than \$1,000.

14 of 1,962 accounts have a balance greater than \$1,000.





KILO-WATT HOUR ELECTRIC SALES

MAY			
SALES (kW/h)			
2019	936,020	21.4%	
2020	735,548		

YEAR TO DATE			
SALES (kW/h)			
2019	3,874,927	7.7%	
2020	3,574,772		




REVENUES FROM ELECTRIC SALES



MAY			
REVENUE FROM ELECTRIC SALES			
2019	\$300,057	19.5%	
2020	\$241,660		

YEAR TO DATE			
REVENUE FROM ELECTRIC SALES			
2019	\$1,228,909	5.8%	
2020	\$1,158,173		



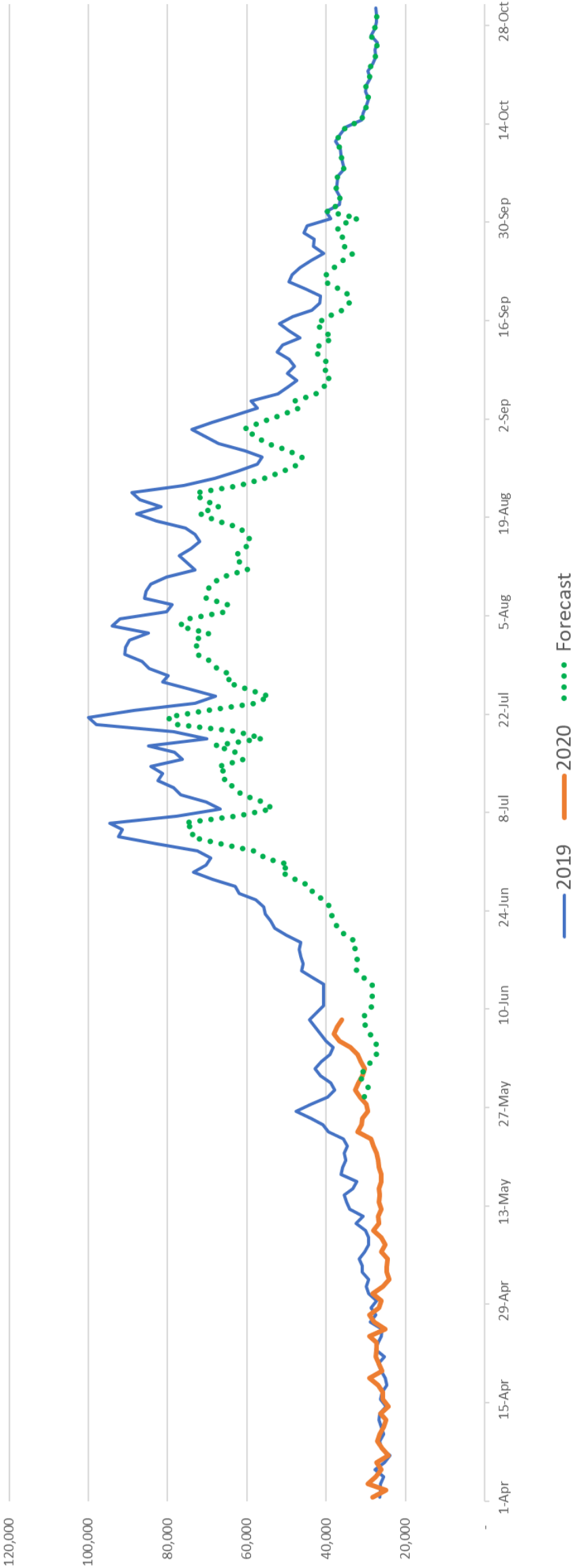
KILO-WATT HOUR ELECTRIC SALES
BROKEN DOWN BY RATE CLASS

MAY			MAY			MAY		
DEMAND (kWh)			RESIDENTIAL (kWh)			PUBLIC DEMAND (kWh)		
2019	517,415	28.3%	2019	256,678	6.1%	2019	66,751	31.4%
2020	371,031		2020	241,101		2020	45,772	

MAY			MAY		
GENERAL (kWh)			PUBLIC (kWh)		
2019	88,528	19.9%	2019	6,648	-1.5%
2020	70,899		2020	6,745	



Hourly Energy Deliveries (kWh) to Block Island
2019 vs 2020
April 1 - October 31



AGENDA ITEM 6
EMPLOYEE HOUSING