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**VERMONT PUBLIC POWER SUPPLY AUTHORITY  
MINUTES OF REGULAR MEETING OF THE BOARD OF DIRECTORS**  
(numbers in bold type correspond with agenda item numbers)

October 4, 2017

*Directors present (X indicates attendance in person, P indicates attendance by phone):*

	Evan Riordan, Barton		James Pallotta, Ludlow
X	Jonathan Elwell, Enosburg	X	Bill Humphrey, Lyndonville
X	Mike Sullivan, Hardwick	X	Craig Myotte, Morrisville
X	Carol Robertson, Hyde Park (10:10 a.m.)	X	Stephen Fitzhugh, Northfield
	Joseph Winter, Jacksonville	X	John Morley, Orleans
X	Meredith Birkett, Johnson (by phone)	X	Reginald Beliveau, Swanton

*Alternates present:*

Lynn Paradis, Swanton	Timothy Yarrow, Hyde Park (10:05 a.m.)
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*Others present:*

Ken Nolan, VPPSA	Crystal Currier, VPPSA	Steven Farman, VPPSA
T.J. Poor, VPPSA	Amanda Simard, VPPSA	Amy Parah, VPPSA
Maria Fischer, VPPSA	James Gibbons, BED	
Tom Dunn, VELCO	Frank Etori, VELCO	

- (1) The meeting was called to order at 9:35 a.m. at the office of the Authority, located at 5195 Waterbury-Stowe Road, Waterbury Ctr., Vermont.
- (2) Chairman Beliveau asked if there were requests for changes and/or modifications to the current agenda. No changes were requested.
- (3) Chairman Beliveau asked if there were public comments and/or individuals who would like to address the Board. There was no public presence and therefore no comments were made.
- (4) Invited guests, Tom Dunn and Frank Etori, from Vermont Electric Power Company (VELCO) were present to discuss VELCO’s Weather Analytics Program (VWAC) and its further development with IBM into a separate for-profit entity called “Utopus” in which VELCO was given an equity stake in return for its initial R&D funding. It was emphasized that this is a “start-up” company and sales are currently slow but VELCO continues to believe the program will provide a value proposition for the Vermont utilities. The relationship between VELCO and Utopus was discussed.

An overview of the weather analytics program and its weather forecasting tools were discussed. The primary discussion was related to the “peak load management” (PLM) component of the program. Design and implementation of the PLM requires significant input and collaboration

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with the VT distribution utilities; therefore, VELCO has requested load information from the utilities. It was noted that participating in the program is entirely voluntary.

It is expected that the program will include the ability to predict loads and renewable generation output (wind and solar) and much of the peak information is available within the program portal that is available to the utilities.

Director Morley noted that the members are concerned with how the data may be used and the security of that data. Mr. Dunn indicated that he understood this concern.

(5) Director Elwell made a motion to accept the Minutes of the Regular Board of Directors meeting held August 9, 2017, as presented. Director Fitzhugh seconded the motion. The motion was approved.

(6) Director Elwell made a motion to accept the Treasurer's report as presented. Director Humphrey seconded the motion.

VPPSA staff provided a verbal financial report, as well as, the operational budget vs. actual summary related to VPPSA's operational costs. Operational expenses for the year are under-budget by approximately 10%. This includes payroll that are under-budget by 3.3% and overheads that are under-budget by 3.4%. Office supplies and expenses are under-budget by approximately 28.3%. For the year, revenues exceed expenses by approximately \$91K.

A brief overview of the project financial results and VPPSA's pending financings/refinancings was provided as well.

The motion was approved.

(7) The General Manager reminded the Board that at the annual meeting on April 5, 2017, Sy Daubenspeck was elected as the Assistant Secretary. Given his departure from the Authority and the hiring of Amy Parah to fill that position, staff recommends appointing Ms. Parah as the new Assistant Secretary. Director Morley made a motion that Amy Parah be appointed as the Authority's Assistant Secretary to replace Sy Daubenspeck effective immediately. Director Fitzhugh seconded the motion. The motion was approved.

(8) The General Manager informed the Board that he and other VPPSA staff met with Jamie Feehan and Jon Wolff from Primmer Piper Eggleston & Cramer to discuss their proposed contract services for the upcoming legislative session. A copy of the proposed contract was provided in the Board materials and it was noted that this contract essentially mirrors what has been provided in past contracts. Director Elwell made a motion to approve the lobbying contract with Primmer Piper Eggleston & Cramer for the period of October 1, 2017 – September 30, 2019. The motion was seconded by Director Myotte. The motion was approved. The General Manager noted that the costs related to the contract will be included in VPPSA's 2018 operational budget rather than billed to the members as it was done in the past.

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(9) The General Manager reminded the Board that the staff was previously approached by Keybank Capital Markets several month ago with the suggestion that it would be advantageous to refinance the existing Project 10 revenue bonds. After reviewing the proposal, VPPSA staff sought additional bids from Raymond James and Piper Jaffray. After a review of the proposals, Graham & Graham was hired to evaluate the proposals and recommend a vendor. After reviewing the analysis, it was decided to move forward with Keybank Capital Markets. Staff has begun working with Keybank on the preparation of the bond package, Thomas Melloni has been hired as bond counsel and William Ellis has been retained as Corporate counsel.

Bond counsel has recommended that the Board act at this meeting to authorize staff to proceed with the transaction, as that will provide Keybank comfort in undertaking the effort until the Board approves the official General Bond Resolution (and corresponding amendments). Since the official documents are not available for this meeting but the working group expects to close prior to the December Board of Directors meeting, a Special Board meeting will be held to approve the Project 10 documents authorizing the sale of the refunding bonds.

Director Morley made a motion authorizing the General Manager to proceed with the refinancing of the Authority's Project 10 revenue bonds using Keybank Capital Markets as underwriter and to take all necessary actions to prepare an amended General Bond Resolution for Board consideration. The motion was seconded by Director Elwell. The motion was approved.

(10) The General Manager reminded the Board that as part of VPPSA's strategic plan, staff is updating all of VPPSA's policies. Power Supply policy P3 (Power Supply Authorities) was presented and discussed. The General Manager reviewed the policy in detail, specifically discussing the various components such as 1) power supply transactions, 2) generating projects, and 3) Policy P3 Attachment 1 related to coverage ratios. This policy replaces several other policies (P1, P2 and Board authorization of Resolution 2014-04) that staff were previously using as operational guidelines.

Director Morley made a motion to approve Power Supply Policy P3 and P3 Attachment 1 as presented. The motion was seconded by Director Sullivan. The motion was approved.

(11) The General Manager indicated that several Directors have been absent at the last few committee meetings and wanted to bring it to the Board for discussion. There was not a staff recommendation. The Board discussed the various possible alternatives. Several Directors indicated that the third Wednesday of the month is acceptable but other projects have prohibited attendance. After discussion, it was decided to change the committee meeting dates to the second Wednesday of the Month (in the months of January, March, May, July, September, November). A formal resolution to identify the specific meeting dates will be presented at the December Board meeting.

(12) The General Manager reviewed the budget process, including the review of the strategic plan, a review of VPPSA's projects, a review of VPPSA's overhead allocations, etc. It was noted that there will be two new projects, one for Renewable Energy Standards (RES) and another for Net Metering. Some of the major changes in expenses include legal costs focused on specific projects, less generic travel costs, more regional and national involvement (NEPPA/APP),

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greater investment in IT resources (including the website), the addition of marketing materials, the inclusion of lobbying costs into VPPSA's budget, and continuation of the BED collaboration at least through June. Major changes in revenues include the addition of the 2015 standard offer project, contributions from BED toward legal costs, WB Mason rebates, adjustments to non-member contract fees, Kearsarge contract for lead participation services and 2017 standard offer project revenue (potentially not until 2019). Salary increase remains at 3% with no assumption of filling the Director of Power Supply and Transmission position. The addition of a Power Analyst is assumed for June-December of 2018.

The Renewable Energy Standards and the Net Metering project budgets were reviewed in further detail. Director Sullivan indicated that Hardwick will not participate in the Net Metering project.

The Board suspended the meeting for lunch at 12:05 p.m.  
The Board reconvened the meeting at 12:25 p.m.

The operational costs, including payroll, overheads, office supplies, legal and consulting was reviewed. A brief discussion regarding health care ensued. The overall budget results (organizational cost) by member were presented and discussed. The results as presented indicate a decrease in fees for most members, with three members seeing a slight increase.

The Project 10 and RES budgets were reviewed in more detail. Project 10 is realizing a decrease in operating costs and an increase in market credits, resulting in overall credits to the project participants of approximately \$2.8 million. The RES budget is a significant increase to the overall budget but it includes the cost to provide the needs to meet the member's various RES requirements. The requirements for Tier 1, Tier 2 and Tier 3 obligations by member were reviewed in detail.

Revised budgets will be presented to the committees at their respective meetings that will be held on November 8, 2017 with the expectation that staff will request full Board approval at the December Board meeting.

**(13)** Director Myotte provided a brief report on the Generation and Other Assets committee meeting. The primary topic discussed was related to the revenue stream from Project 10 and the future needs for project capital needs. The remainder of the report was covered under other agenda items.

**(14)** VPPSA staff provided a brief report on Regulatory and Legislative activities. The primary discussion was related to the Renewable Energy Standards and the EV program. VPPSA staff has reached out to several auto dealers and continues to work-out the details with the program structure. Several updates on Legislative activities were briefly discussed (108 provisions, bond bank, hydro relicensing).

**(15)** The next VELCO Board meeting is Thursday, October 5, 2017. The 2018 VELCO budget will be presented and it is expected to be approved. The Operating committee was held on September 28, 2107. The primary discussion was related to VELCO's operating budget. The committee also discussed the use and installation of squirrel guards.

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(16) No further staff reports were provided.

(17) Director Myotte made a motion to find that premature general public knowledge of the Authority's discussions and/or negotiations with potential counterparties would place the Authority in a position to suffer a substantial disadvantage because it would expose proposed terms of the contract negotiations. Director Fitzhugh seconded the motion. The motion was approved.

Director Myotte made a motion to enter executive session to discuss contract negotiations as allowed under the provisions of Title 1, Section 313 (1)(A) of the Vermont Statutes. Director Fitzhugh seconded the motion. The motion was approved and the Board entered Executive session at 1:55 p.m.

The Board came out of Executive session at 2:05 p.m.

(18) Other Business: None

The meeting was adjourned at 2:05 p.m.

Respectfully submitted,

*Crystal Currier*  
Crystal Currier, Secretary

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