

APPROVED

Vermont Public Power Supply Authority
MINUTES OF THE BOARD OF DIRECTORS MEETING

October 3, 2018

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

X	Evan Riordan, Barton (phone)	X	James Pallotta, Ludlow
X	Jonathan Elwell, Enosburg		Bill Humphrey, Lyndonville
X	Mike Sullivan, Hardwick	X	Craig Myotte, Morrisville
X	Carol Robertson, Hyde Park (phone) (not present during exec session)	X	Stephen Fitzhugh, Northfield
	Pamela Moore, Jacksonville	X	John Morley, Orleans
X	Meredith Birkett, Johnson	X	Reginald Beliveau, Swanton

Alternates present:

Lynn Paradis, Swanton	
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Others present:

Ken Nolan, VPPSA	Crystal Currier, VPPSA	Amy Parah, VPPSA
TJ Poor, VPPSA	Melissa Bailey, VPPSA	Steve Farman, VPPSA
James Gibbons, BED	William Ellis, McNeil, Leddy, Sheehan	Bonnie Biocchi, NEPPA (11:30 a.m.)

(numbers in bold type correspond with agenda item numbers)

- (1) The meeting was called to order at 9:40 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. There were none.
- (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) Director Fitzhugh made a motion to accept the minutes of the Regular Board of Director's meeting held on August 1, 2018. The motion was seconded by Director Sullivan. Motion approved.
- (5) Director Elwell made a motion to accept the minutes of the Special Board of Director's meeting held on August 18, 2018. The motion was seconded by Director Fitzhugh. Motion approved.



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Director Sullivan reminded the Board that a follow-up to the PUC meeting was envisioned and he requested that VPPSA and/or the VPPSA members take the lead on ensuring that the follow-up occurs as planned.

(6) Director Fitzhugh made a motion to accept the minutes of the Special Board of Director's meeting held on September 19, 2018. The motion was seconded by Director Pallotta. Motion approved.

(7) Director Morley made a motion to accept the Treasurer's report (as of August 31, 2018) as presented. Director Elwell seconded motion.

VPPSA staff provided a brief update related to the operational budget vs. actual summary of VPPSA's operational costs. The financial results for the period ending August 31, 2018 indicate operational expenses being under-budget by approximately 8.8%. This includes payroll and overheads that are under-budget by 5.9% and office supplies and expenses are under-budget by approximately 16.3%. For the year to date, revenues exceed expenses by approximately \$61K.

The motion was approved.

(8) VPPSA staff reminded the Board that since the Project 10 Participants are billed based on the annual budget, the expenses as compared to amounts billed are trueed up annually. The true-up for the period covering July 1, 2017-June 30, 2018 was provided to the Board. The Board was reminded that over the last several years, excess funds were transferred into the Project reserve fund. Director Morley made a motion directing VPPSA staff to retain the excess funds of \$84,510.22 and to transfer that amount to the Project reserve fund. The motion was seconded by Director Sullivan. Motion was approved.

(9) VPPSA staff reminded the Board that the McNeil Project Participants are billed a monthly amount that is for the purpose of funding capital expenditures. The capital reserve is trueed-up to actual costs on an annual basis. The true-up for the period covering July 1, 2017 – June 30, 2018 was provided to the Board. VPPSA staff reminded the Board that a major turbine upgrade was planned for May 2018; however, much of that work was delayed to May 2019. Therefore, VPPSA staff recommends retaining the excess funds for the purpose of funding future capital expenditures. It was noted that due to the size of the excess funds, the fund balance would be included in the capital budgeting process and future capital billings would be reduced accordingly (unknown until budget is received from BED).

Director Sullivan made a motion directing VPPSA staff to retain the excess funds related to the McNeil capital reserve for the period ending June 30, 2018 to be used for future capital improvements related to the McNeil facility. The motion was seconded by Director Fitzhugh. Motion was approved.

(10) VPPSA staff reminded the Board that Vt. Transco, LLC expects to offer member units in December of this year. This information was previously communicated to the Board and each of the Members indicated their intent as to whether they expected to purchase the units directly, assign the units to VPPSA or not participate in the offer. Based on this feedback, VPPSA filed

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and subsequently received approval for the financing of up to \$1.9 million to facilitate the purchase of member units either assigned to VPPSA or units VPPSA may purchase directly. Resolution 2018-06 was provided to the Board and it was noted that the Resolution authorizes both the purchase of the member units and the financing of those units according to the terms identified.

Director Fitzhugh made a motion to approve Resolution 2018-06. The motion was seconded by Director Myotte. Motion was approved.

(11) Director Sullivan made a motion that the Board make a specific finding that premature public knowledge of the Authority's position with respect to probable litigation concerning Hyde Park Electric's withdrawal from the Authority, and the Authority's receipt of confidential attorney-client communications concerning same, would clearly place the Authority at a substantial disadvantage. Motion seconded by Director Fitzhugh. Motion approved.

Director Sullivan made a motion that the Board enter executive session for the purpose of considering probable litigation between the Authority and Hyde Park Electric, and receiving confidential attorney-client communications concerning same, pursuant to 1 V.S.A. § 313(a)(1)(E)&(F), with attendance limited to Board members, with the exception of Hyde Park's director, the Authority's General Manager and the Authority's legal counsel. Motion seconded by Director Myotte. Motion approved.

The Board entered executive session at 10:15 a.m.

The Board came out of executive session and entered regular session at 11:50 a.m. No action was taken.

(12) The General Manager gave a presentation that provided an overview of the 2019 draft budgets (full draft budgets provided to the Board as well). The General Manager started with a review of the strategic plan and then moved into the significant changes in revenues and expenses with a primary focus on payroll, overheads, number of FTEs, and additional revenue sources. The staffing levels at VPPSA were discussed at length. The Board noted that they consider personnel as the "most important" part of the budget.

Based on Board discussion it was determined that staff will update the budgets based on the following: personnel will continue to include an additional FTE, health insurance changes will be updated, the AMI project will be excluded and the net metering project will be reevaluated.

Lunch Break:

Orah Moore Photography was on-site and the Board took a break in the meeting for the opportunity to take Director photos for VPPSA's new website. Bonnie Biocchi, NEPPA's Executive Director was presented as an invited guest for lunch. There was general discussion around the VPPSA members, NEPPA and the services that all provide and how each can assist the other.

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(13) The report from the Generation and Other Assets committee meeting held on September 12, 2018 was provided to the Board. No other report was provided.

(14) The report from the Legislative & Regulatory Affairs committee meeting held on September 12, 2018 was provided to the Board. No other report was provided.

(15) The General Manager noted that James Gibbons is now on the VELCO Board representing Burlington Electric Department.

(16) The report of the Advisory and Risk Management committee meeting held on September 12, 2018 was provided to the Board. No other report was provided.

The General Manager noted that the new hire will start on October 29th.

(17) Other Business: NONE.

The meeting was adjourned at 12:40 p.m.

Respectfully submitted,

Crystal L Currier

Crystal Currier, Secretary