



Board of Directors Meeting Minutes

October 2, 2019

Board of Directors:

	Vacant, Barton		Vacant, Ludlow
X	Jonathan Elwell, Enosburg	X	Bill Humphrey, Lyndonville
X	Mike Sullivan, Hardwick	X	Craig Myotte, Morrisville
P	Carol Robertson, Hyde Park	X	Stephen Fitzhugh, Northfield
	Pamela Moore, Jacksonville	X	John Morley, Orleans
	Meredith Birkett, Johnson	X	Reginald Beliveau, Swanton

X indicates attendance in person, P indicates attendance by phone.

Alternates present:

Lynn Paradis, Swanton	Penny Jones, Morrisville
Phil Wilson, Johnson (phone)	

Others present:

Ken Nolan, VPPSA	Crystal Currier, VPPSA	Amy Parah, VPPSA
Julia Leopold, VPPSA	Thomas Petraska, Ludlow	James Gibbons, BED
Melissa Bailey, VPPSA	Jackie Lemmerhirt, Lemmerhirt Consulting (phone)	Ken St. Amour, VPPSA

Numbers in bold type correspond with agenda item numbers:

- 1.** The meeting was called to order at 9:31 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 no changes.
- 3.** Chairman Beliveau asked if there were public comments and/or individuals who would like to address the Board. There was no public in attendance.
- 4.** Director Fitzhugh made a motion to accept the minutes of the Special Board of Director's meeting held on June 18, 2019. The motion was seconded by Director Morley. Motion approved.
- 5.** Director Elwell made a motion to accept the minutes of the Regular Board of Director's meeting held on August 7, 2019. The motion was seconded by Director Morley. Motion approved. Director Fitzhugh abstained.

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6. Director Morley made a motion to accept the minutes of the Special Board of Director's meeting held on September 24, 2019. Director Fitzhugh seconded the motion. The motion was approved.
7. Director Morley made a motion to accept the Treasurer's report as of August 31, 2019 as presented. Director Fitzhugh seconded the 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, 2019 indicate operational expenses being under-budget by approximately 5.0%. This includes payroll and overheads that are under-budget by 5.9% and office supplies and expenses that are under-budget by approximately 2.5%. Revenues exceed expenses by approximately \$49K for the year; however, \$64K is related to Trombley Hill Solar with no offsetting expense.

The motion was approved.

8. Resolution 2019-06 - The Controller reminded the Board of Vt. Transco's 2019 equity issuance expected to occur in November and December. Resolution 2016-06 provides VPPSA the financing mechanism to effectuate the purchases for those members who desire to "assign" to VPPSA the member units offered to them. The Resolution includes a "not-to-exceed" value that equates to the amount offered to all the VPPSA members; however, it is fully expected that several members will directly purchase the member units offered to them. The amount to be financed is expected to be below \$500K and the interest rate is currently approximately 3%.

Director Fitzhugh made a motion to approve Resolution 2019-06 as presented. The motion was seconded by Director Sullivan. The motion was approved

9. The Controller reminded the Board that the Project #10 participants are billed based on the annual budget. At the end of the PSA year (June 30th) the actual costs are true-up to determine if there is a shortfall or excess funds. The true-up period of July 30, 2018 - June 30, 2019 results in excess funds of \$236,048. Over the last several years, available excess funds were transferred to the Project reserve fund. The project reserve fund balance, the 5-yr. capital expenditure schedule and the cumulative fund balance were reviewed. It was noted that based on the current funding level and the 5-yr. capital plan, the fund balance will be approximately \$2.7M at the end of the 5-yr. period. The Board held a short discussion regarding the primary drivers of the capital expenditures over the next five years - the two primary components include the control system and the turbine upgrade. The control system was discussed in more detail.

Director Fitzhugh made a motion to retain the excess funds related to the Project #10 annual true-up, transfer those funds to the Project reserve fund and to take the excess amount into consideration when developing the 2020 CY project budget. The motion was seconded by Director Humphrey. The motion was approved.

10. The Controller reminded the Board that the McNeil capital expenditures and the corresponding capital reserve fund are reviewed annually. The capital expenditures for the period July 31, 2018 - June 30, 2019 total approximately \$181K resulting in excess funds of \$871K. It was noted that some of the costs related to the major turbine overhaul that occurred in 2019 were billed to VPPSA within the operations & maintenance budget which gets directly passed through to project participants, rather than billed as capital improvements. Therefore, the capital reserve remains at a higher level than expected. It was further noted that VPPSA has not received the 2020 McNeil budget information; however, there is an expectation that a significant amount of funds will be required in 2020 to replace several material capital improvements. The estimated cost of one improvement (economizer) is estimated at \$3M, with VPPSA's share at approximately \$570K.

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Therefore, VPPSA staff recommends that the excess funds be retained to meet future capital expenditures of the facility.

Director Fitzhugh made a motion to authorize VPPSA staff to retain the excess funds related to the McNeil annual capital reserve for the period ending June 30, 2019 to be used for future capital improvements related to the McNeil facility. The motion was seconded by Director Myotte. The motion was approved.

- 11.** The General Manager reminded the Board that VPPSA has undertaken an RFI to consider possible AMI implementation across the members. Ken St. Amour has been the staff lead on this effort and he has put together a review team that has worked with Jackie Lemmerhirt (Lemmerhirt Consulting) and her team who have compiled the results and developed a series of evaluation matrices that the team used to compare and contrast the proposals. The discussion was turned over to Jackie Lemmerhirt who provided an overview of the process that has been undertaken to date. The response to the RFI resulted in nine (9) different proposals with a broad range of capabilities. After several meetings, three (3) firms were selected to move to the RFP stage. They include: Aclara, Hometown Connections and Landis & Gyr. Director Sullivan mentioned that this was a large undertaking since each proposal included 100's of pages and it was a lot of work to keep the project on task-Ken St. Amour and Jackie Lemmerhirt were commended for their efforts. The Board held a short discussion as to the benefits of the AMI project and whether it should be done as a VPPSA "project" or just through VPPSA's operating budget.

Next steps include obtaining a firm quote (RFP stage) and contract negotiation. This is expected to be complete in early 2020 and equipment would not be expected to be available until sometime in 2021. There was a brief discussion regarding how the data is actually obtained and the equipment required to get this accomplished.

- 12.** The General Manager noted that the 2020 Operating budgets are still under development; however, an overview of what is available to date was provided. This included a review of the following:

- Revenues - removed Hyde Park, assumes no new consulting, increase in Standard Offer project revenues
- Expenses - No new positions, 3 % salary increase pool, 12.5% increase in health care, increased staff training. Additional focus on communications and cyber security. Addition of costs related to HVAC/AC replacement.
- Additional projects -included AMI structured as a new project.
- Overall results - overall increase 6.2%, member costs up .7% and member dues down 5.5%
- Project Budgets - brief update on project budgets (McNeil, P10, Central Computer, RES & Net Metering)

The General Manager reviewed the consolidated budget by member page. Director Elwell raised questions regarding the decrease in member fees (-5.5%) vs. the overall increase (.8%) and expressed concern that it arbitrarily looks like costs are going down when in actuality overall costs are increasing. VPPSA staff noted that the member dues will decrease but that is primarily a result of overheads allocated to the new AMI project. Each member's overall change is dependent on the projects that they participate in and the corresponding increase/decrease in each particular project.

There were a few questions regarding the Renewable Energy Standards (RES) budget and the General Manager explained the costs/credits included in the RES budget. This evolved into a larger discussion regarding the State requirements and the understanding of the overall effects of

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these requirements on all the ratepayers of Vermont. The General Manager indicated that reaching out to the Legislators is one of the strategic planning efforts and funding for these efforts is included in this budget.

It was noted that the budgets are still being refined and that comments/questions are welcome.

13. The General Manager thanked the Board members who attended the workshop on September 24th and noted that he felt it was a good discussion about the various pressures the Members are facing and ways in which VPPSA could assist. The Board identified several top priorities that VPPSA should focus on and then that list was narrowed down to four (4) immediate items VPPSA should consider as part of the 2020 Budget proposal. Those include:

- AMI Project - continue effort through the RFP phase of the project
- GIS/Mapping - discuss with mPower how to best create a VPPSA wide offering of their services, as well as, adding a staff position to manage the mapping effort
- Engineering - adding a staff position to provide general engineering support and alternatives that could effectively share this position with other efforts
- Effective Management/Personnel-develop a proposal around the needs of Orleans and Barton for management services

Next steps include the development of specific budget impacts for further discussion in November and December.

14. The General Manager provided a brief report on the Generation and Other Assets Committee meeting held on September 11th. Several of the topics discussed at the meeting include: Project #10 updates, Load reducers, McNeil capital true-up, solar project updates, Phase I and SHEI.

15. Ms. Bailey provided a brief report of the topics discussed at the Legislative and Regulatory Affairs committee meeting held on September 11th. Those topics include: Current PUC proceedings (all fuels utility, the cost and benefits of net metering, net metering request, EV charging fees, Disconnect Rule 3.300), Legislative updates (broadband feasibility) and a review of the Renewable Energy Standards Tier 3 programs.

16. The General Manager provided a brief report of the VELCO Board activities - it was noted that the next Board meeting will be held on Thursday, October 3rd. The two primary focuses at this meeting will include a visit from June Tierney from the Public Service Department and a Resolution related to a change in Officers that will be presented.

Director Myotte provided a brief report on the VELCO Operating committee - the two primary topics discussed at the September meeting include the VELCO operating budget and a concern regarding individuals working on guy wires that resulted in two fatalities in New York. Director Fitzhugh noted that the August Operating committee meeting was held at Norwich with a focused discussion on cyber-security. This meeting was well received by the group.

17. VPPSA staff provided a brief overview of the results from the Great Blue Research focus group that was held at the Best Practices Exchange in September.

There were eight participants and the session lasted 60 minutes. A brief summary of the findings were shared with the Board. A primary key finding was that there is a high-level of satisfaction with the fact that the utilities provide electricity; however, the participants did not necessarily feel there was a need to include the utility when they are undertaking efficiency or operational projects. One of the top utility strengths that was voiced was "reliability and service".

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There was a short discussion regarding how the focus group was organized and the fact that VPPSA needed to rely on, and work with, Efficiency Vermont (through the utilities account manager) to get participants to the focus group. The concept of VPPSA and the utilities being more in the forefront was discussed.

18. Potential Executive Session: no executive session was necessary.
19. Other Business: There was a short discussion regarding the timing of the Committee/Board meetings. The concept of holding monthly Board meetings rather than both committee meetings and Board meetings was discussed. It was determined that a doodle poll will be sent to try to and get a consensus.

Director Beliveau requested that Julia Leopold provide an update on Public Power Week. Ms. Leopold provided an overview of the community activities that will happen in Swanton on Saturday, October 5th, the meet and greet that will occur in Morrisville (at Black Cap Coffee) on Tuesday October 8th and a meet and greet that will occur in Northfield on Wednesday, October 9th. The primary goal is to place a focus on “public power”, provide information to the communities and promote name recognition for VPPSA and the VPPSA members.

The meeting was adjourned at 2:15 p.m.

Respectfully submitted,

Crystal L Currier

Crystal Currier, Secretary