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Vermont Public Power Supply Authority

MINUTES OF THE BOARD OF DIRECTORS MEETING

December 5, 2018

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

X	Evan Riordan, Barton		James Pallotta, Ludlow
X	Jonathan Elwell, Enosburg	P	Bill Humphrey, Lyndonville
X	Mike Sullivan, Hardwick	P	Craig Myotte, Morrisville
P	Carol Robertson, Hyde Park (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:

Others present:

Ken Nolan, VPPSA	Crystal Currier, VPPSA	Amy Parah, VPPSA
Steve Farman, VPPSA	James Gibbons, BED	William Ellis, McNeil, Leddy, Sheehan

(numbers in bold type correspond with agenda item numbers)

- (1) The meeting was called to order at 9:30 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 October 3, 2018. The motion was seconded by Director Elwell. Motion approved.
- (5) Director Elwell made a motion to accept the Treasurer's report as of October 31, 2018 as presented. Director Morley 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 October 31, 2018 indicate



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operational expenses being under-budget by approximately 9.8%. This includes payroll and overheads that are under-budget by 6.1% and office supplies and expenses are under-budget by approximately 19.1%. For the year to date, revenues exceed expenses by approximately \$145K.

The motion was approved.

(6) The General Manager thanked the Board for providing feedback on the draft FY19 budgets. In response to the comments received, several changes were made since the last draft. Some of the key comments/changes include:

- a. RES- no change in cost, will include 2018 credits in 2019 billings
- b. McNeil-essentially flat, includes major overhaul costs
- c. Project 10- continues reserve at \$400K for 2019, assumes change in insurance broker reducing cost to P10 property insurance
- d. Net Metering – eliminated external software development, project participants updated
- a. Revenues assumes Hyde Park remains full member until November 2019
- b. The additional staff position was retained but the anticipated start date was moved to March to more accurately reflect the likely start date
- c. Funds were shifted with the legal and consulting budgets (primarily related to PUC dockets and strategic planning)
- d. AMI not included in budget (the Board had a short discussion on AMI and potentially related broadband)

In addition to the revenue and cost related changes noted above, a new page was added to the budget packet that demonstrates a “Consolidated” budget cost. This page identifies the cost by participant for each budget and compares the total to the prior year budgets. The consolidated cost for all budgets is 8.1% lower for 2019 when compared to the 2018 budgets. This page also identifies the consolidated budget cost after prior year credits are applied to the 2019 budget billings – with credits applied, the consolidated cost is 13.8% lower than the 2018 budgeted cost. It was noted that the primary reason for the decrease is a reduction in cost to the McNeil and RES projects. The Board was asked for feedback - things that are positive, negative, and all in-between. The Board indicated that the Consolidated page was helpful.

Director Elwell made a motion to approve the 2019 Operating Budgets as presented. The motion was seconded by Director Fitzhugh. Motion approved. Hyde Park abstained.

(7) The General Manager reminded the Board of the savings in insurance cost mentioned in the Project 10 budget discussion. This change was a result of information received from Marsh Wortham, an affiliation with HomeTown Connections, Inc. Marsh Wortham prepared a complete analysis of VPPSA’s insurance policies and identified savings that they thought could be achieved. As previously mentioned, the primary savings is with the Project #10 property insurance.

A change to Marsh Wortham was discussed with the Advisory & Risk Management Committee at their November meeting. After that discussion, the General Manager and staff met with



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VPPSA's current insurance broker (Brian Aitchison from Hickok Boardman) and he expressed concern with the move. Marsh Wortham is a HomeTown Connections partner that is highly regarded related to generation plan coverage. They manage the APPA insurance pool and it is that pooling that is producing the majority of the proposed savings. In addition to the savings, Marsh Wortham is proposing that they (through VPPSA) can potentially create an insurance pool for the VPPSA members that could achieve savings. They have done this successfully with another joint action agency and its members. Lastly, Marsh Wortham is working with APPA on developing a health insurance pool that will be offered in 2019.

Given the concern expressed by our local agent, the General Manager requested feedback from the Board to determine the comfort level with moving VPPSA's policies and other administrative functions toward the HomeTown Connection partners, since a move of this nature means less reliance on Vermont based companies.

The Board discussed the use of future Hometown Connection services and the desire is that those services should be received through an RFP process and if local vendors are competitive, services should remain local.

(8) The written report from the Generation and Other Assets committee meeting held on November 14, 2018 was provided to the Board. The General Manager noted some of the items discussed at the committee meeting that were not already covered under other agenda items—those include: Labor Day power shortage event, Project 10 maintenance, an update on Load reducing generation valuations and the winter planned purchase.

(9) The written report from the Legislative & Regulatory Affairs committee meeting held on November 14, 2018 was provided to the Board. The primary PUC dockets discussed include: the regulation of Energy Efficiency Utilities, the investigation into promoting the ownership and use of electric vehicles in Vermont, regulations regarding EV charging stations and the EVT data transfer docket.

It was noted that on the Legislative front, VPPSA is working with legal counsel and VPPSA's lobbyist to change the Section 108 language for both VPPSA and the member utilities.

(10) The General Manager noted that the VELCO Board would be meeting on Thursday December 6th. Discussion on two primary topics are expected – 1) the appointment of Rebecca Towne, the new CEO of VEC to the VELCO Board and the progress of the Highgate Converter sale.

It was noted that some issues with the Highgate Converter sale between VELCO, Stowe and BED have come up that will likely delay the sale. Due to the delay, VELCO has been asked to loan funds to Stowe that would be repaid at the time of the sale.

VELCO Operating Committee – Director Fitzhugh noted that the VPPSA members did not have representation on the Emerald Ash Borer committee; however, BED does have representation. Director Fitzhugh asked if the BED representative could also represent the VPPSA members. Director Fitzhugh provided a brief explanation of the Emerald Ash Borer issue and how it could

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affect the utilities. Director Sullivan asked what the committee was trying to accomplish. Mr. Gibbons indicated the committee is very new; however, since VELCO is very active in the tree-trimming arena, they want to be active in coordinating how this issue is being treated.

The General Manager indicated that he would ask if the BED representative could represent the VPPSA members during the monitoring stage of this committee.

(11) The written report of the Advisory and Risk Management committee meeting held on November 14, 2018 was provided to the Board. No other report was provided.

(12) 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 and the Controller, with the exception of Hyde Park's director, the Authority's General Manager and the Authority's legal counsel. Motion seconded by Director Morley. Motion approved.

The Board entered executive session at 11:17 a.m.

The Board came out of executive session and entered regular session at 12:15 p.m. No action was taken.

(13) The workshop was not held.

The meeting was adjourned at 12:20 p.m.

Respectfully submitted,

Crystal L Currier

Crystal Currier, Secretary