



Board of Directors Meeting Minutes

August 7, 2019

Board of Directors:

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

Others present:

Ken Nolan, VPPSA	Crystal Currier, VPPSA	Amy Parah, VPPSA
Julia Leopold, VPPSA	Brady Lee, Great Blue Research	Michael Vigeant, Great Blue Research
Melissa Bailey, VPPSA		

Numbers in bold type correspond with agenda item numbers:

1. The meeting was called to order at 9:33 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. The Directors held a moment of silence for the passing of Director Pallotta.
4. Director Humphrey made a motion to accept the minutes of the Regular Board of Director's meeting held on June 3, 2019. The motion was seconded by Alternate Director Jones. Motion approved.

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5. Alternate Director Jones made a motion to accept the Treasurer's report as of June 30, 2019 as presented. Director Elwell 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 June 30, 2019 indicate operational expenses being under-budget by approximately 4.5%. This includes payroll and overheads that are under-budget by 7.5% and office supplies and expenses that are over-budget by approximately 1.8%. Revenues exceed expenses by approximately \$23K for the year (\$21K is related to Trombley Hill Solar with no offsetting expense).

The motion was approved.

6. VPPSA staff informed the Board that over the last few months, VPPSA staff has reviewed the organizational policies for accuracy and completeness. VPPSA staff met as a group and discussed various changes. The updated policies were presented to the Advisory & RMC at their meeting on July 10, 2019 and after discussion, there were no objections to the changes as presented. The policies, both strike-lined and final versions, were provided to the Board. VPPSA staff provided a brief update on the changes that were implemented.

Director Morley made a motion to approve the VPPSA organizational policies as updated and presented. The motion was seconded by Director Humphrey. The motion was approved.

7. The General Manager reminded the Board that the staff has continued to work with EVT and various vendors to understand the condition of the existing HVAC and AC systems within the building. After various discussions with EVT and two different vendors, Vermont Mechanical has provided a proposal to: replace all three A/C units, leave the oil boiler in place as a backup heat source, install an energy recovery ventilator and replace the Board room AC unit. The total cost is approximately \$120K. Vt. Mechanical also provided cost estimates for breaking the project into phases. It is clear that the existing equipment is at end-of-life and staff recommends that the project be completed and done all at one time to avoid future equipment failures and less disruption within the building. The full proposals were provided to the Board for their review.

Director Sullivan made a motion to approve Resolution 2019-05 as presented and to instruct the General Manager to consider other alternatives if they present themselves and are viable. The motion was seconded by Director Humphrey. The motion was approved.

8. The General Manager informed the Board that since the Board/staff retreat held in June, the staff has continued to refine the strategic plan. After reviewing the major areas of focus that the Board identified at the retreat, the staff worked with Tim Blodgett to turn the Board priorities into three specific areas with detailed goals and specific deadlines that can be tracked and measured. A presentation with the goals staff has identified was reviewed with the Board.

The specific language in the mission statement was discussed and further discussion related to the specific priorities within the Policy Leadership and Organizational Excellence goals was held.

Director Birkett made a motion to adopt the 2020 VPPSA Strategic Plan and Goals as presented. The motion was seconded by Director Elwell. The motion was approved.

9. The General Manager reminded the Board that the outcome of the 2017 solar RFP was a partnership with Encore Redevelopment to pursue several solar projects. That effort included development of standard Power Purchase Agreement (PPA) templates. The first of these contracts was executed several months ago related to the ER Lawrence Brook project. The agreements provided to the Board for this meeting are related to "Bone Hill Solar", the second project under

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development. It is highly likely that a CPG application will be filed for the project prior to the next Board meeting so staff is seeking Board authority to enter into the Bone Hill Solar PPA with the expectation that this PPA will be paired with a Power Sales Agreement with Northfield for 100% of the project.

Director Humphrey made a motion to authorize the General Manager to take all steps necessary to enter a Power Purchase Agreement for off-take from the Bone Hill Solar project. The motion was seconded by Alternate Director Jones. The motion was approved.

- 10.** The General Manager reminded the Board that VPPSA has been working with Vitol Inc. to put together a lease of public power transmission rights over the Phase I D.C. transmission line running from Quebec to Massachusetts. Many public power entities purchased these rights in the 1980's as a way to bring power from their original HQ VJO contract into New England; however, since that time, the wholesale markets have changed and these "use rights" public power utilities hold over the Phase I lines are not being utilized to transmit energy, although rights holders do get so-called HQICC credits for their ownership. The existing contracts end at the end of October 2020 and follow on agreements are being negotiated to extend ownership and rights for an additional 20 years. VPPSA has been working with BED to develop a lease agreement with Vitol Inc. that would transfer use of the line to Vitol for an agreed upon lease amount while also allowing the existing rights holders to continue to receive the HQICC credits. An outline of the arrangement was discussed. To facilitate the arrangement VPPSA is asking for authority to proceed in execution of the required documents.

Director Humphrey made a motion to authorize the General Manager to take all steps necessary to enter into Transfer Agreements with individual members and other public power utilities in Vermont to aggregate Phase I use rights for joint marketing purposes. The motion was seconded by Alternate Director Jones. The motion was approved.

Director Humphrey made a motion to authorize the General Manager to take all necessary steps to implement the lease of aggregated Phase I rights to Vitol, Inc. The motion was seconded by Alternate Director Jones. The motion was approved.

- 11.** The General Manager provided a brief update with regards to Barton's decision to evaluate options for continuation of the utility. It was noted that a short discussion was held with one of the Barton trustees regarding the status of the utility. Not much new information was received.

A brief update regarding the Village of Ludlow was provided.

A broader conversation regarding other members, individuals retiring or being out of the office for extended periods was discussed. There was specific discussion regarding the lack of expertise in Vermont and finding qualified individuals within the utility industry. Director Morley indicated that utilities need a resource that utilities can access for both recruiting and/or staffing needs. (further discussion moved into next agenda topic)

- 12.** The General Manager reminded the Board that at the June retreat one of the discussion items was a need for VPPSA to provide additional services. That topic was further discussed at the Advisory and RMC meeting in July and several Board members in attendance were questioning whether VPPSA's overall skillset and structure should be changed to accommodate more centralized operations. The services discussed ranged from an extreme where nearly all operations would operate through VPPSA to specific targeted services such as engineering and/or GIS staff expertise, stronger operational management and centralized AMI operations, being operated through VPPSA. Given the struggles some of the members have recently experienced, the General Manager asked the Board if this sentiment is strong enough to warrant having Tim

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Blodgett return this fall to facilitate a full-day Board discussion on centralization of targeted functions that the majority of members agree should be considered at VPPSA.

The Board was favorable to the idea and instructed staff to organize the meeting/retreat, preferably for a time in September.

The Board recessed for lunch at 12:00.

The Board reconvened at 12:55 and moved ahead to agenda #20.

- 13.** The General Manager informed the Board that in addition to the organizational policy changes, VPPSA staff has also reviewed the internal operating procedures. The procedures are related to internal operation and do not require Board approval; however, in an effort to ensure the board is aware of the procedures and generally how they are structured, a summary of the procedures and the changes that were made, as well as, the procedures in final form were provided to the Board. The General Manager provided a brief overview of changes.
- 14.** The General Manager provided a brief report on the Generation and Other Assets Committee meeting held on July 10th. Several of the topics discussed at the meeting include: Project 10 controls upgrade and bathroom project, decrease in capacity market revenue, an update on load reducing hydro resources, solar project updates, the results of the recent five-year system power purchase, possible improvements to the purchase approval process and review of the 2018 renewable energy standards requirements.
- 15.** Ms. Bailey provided a brief report of the topics discussed at the Legislative and Regulatory Affairs committee meeting held on July 10th. Those topics include: EV charging study, EEU docket, broadband study, and revisions to the PUC disconnect rule.
- 16.** VELCO: The General Manager provided a very brief report of the VELCO Board activities.

The next operating committee meeting will be hosted by Norwich University.
- 17.** Staff Reports: The General Manager provided a very brief report on other topics of interest.
- 18.** Potential Executive Session: no executive session was necessary.
- 19.** Other Business: There was no other business.
- 20.** The Board was informed that at the Advisory & RMC meeting, the staff shared information related to discussions with Great Blue Research, a HomeTown Connections partner located in Boston, to conduct a survey of VPPSA member customers. The survey would be structured such that we obtained a statistically valid sampling from each member territory as well as for VPPSA as a whole. The three areas of focus would be: 1) a customer satisfaction benchmark that can be compared to other public power entities, 2) a greater insight into the communication pats customers in each member territory prefer and 3) insight into some key upcoming policy decisions and how VPPSA member customer feel about those issues.

Staff sees this as a necessary step to improve outreach on legislative and regulatory issues as well as honing our messaging related to Tier 3 programs and the value of public power. To undertake this effort, Great Blue would need access to customer contact information. When the Advisory & RMC discussed this, some questions surfaced around who Great Blue is, who they worked for and how they would protect data.

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Brady Lee and Michael Vigeant from Great Blue Research were present to discuss their company and its products. The focus was on the research need (what the utility needs to know) and the educational research obtained to meet that need. That discussion further evolved into the value and benefits that utilities can generally obtain from the research. The general goals and objectives of the research were reviewed and the group was asked for specific goals that they would like to achieve from the research. Mr. Vigeant explained the research methodologies that are used, the size of the survey, the types of questions they include, the sample size, how they safeguard customer data and the reports available after the study.

The meeting was adjourned at 2:45 p.m.

Respectfully submitted,

Crystal L Currier

Crystal Currier, Secretary