



Regular Board of Directors Meeting Minutes

April 1, 2020

Board of Directors:

	Vacant, Barton	P	Bill Humphrey, Lyndonville
P	Jonathan Elwell, Enosburg	P	Penny Jones, Morrisville
P	Mike Sullivan, Hardwick	P	Stephen Fitzhugh, Northfield
	Pamela Moore, Jacksonville	P	John Morley, Orleans
P	Meredith Birkett, Johnson	X	Reginald Beliveau, Swanton
P	Thomas Petraska, Ludlow		

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

Alternates present:

Lynn Paradis, Swanton	

Others present:

Ken Nolan, VPPSA	Amy Parah, VPPSA	Crystal Currier, VPPSA
Julia Leopold, VPPSA	Jeffery Graham, Graham & Graham	Melissa Bailey, VPPSA
Steve Farman, VPPSA		

Numbers in bold type correspond with agenda item numbers:

- 1.** Chairman Beliveau called the meeting to order at 9:31 a.m. at the Authority's office 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 requested.
- 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 Morley made a motion to accept the minutes of the Regular Board of Director's meeting held on February 5, 2020. The motion was seconded by Director Humphrey. Motion approved.
- 5.** Director Jones made a motion to accept the minutes of the Special Board of Director's meeting (Legislative Reception) held on February 19, 2020. The motion was seconded by Director Morley. Motion approved.

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6. Director Morley made a motion to accept the Treasurer's report as of December 31, 2019. The motion was seconded by Director Jones. The Controller reminded the Board that at the time the financial reports for the period ending December 31, 2020 were presented in February there were a couple of outstanding expenses that were expected; therefore, approval of the Treasurer's report was tabled. Those expenses were subsequently received reducing net income by an additional \$3,928.

The motion to approve the Treasurer's report for the period ending December 31, 2019 was approved.

7. Director Jones made a motion to accept the Treasurer's report as of February 29, 2020. The motion was seconded by Director Morley. The Controller provided a brief update related to the operational budget vs. actual summary of VPPSA's operational costs for the period ending February 29th. The financial results indicate operational expenses being under-budget by approximately 8%. This includes payroll and overheads that are under-budget by 5.5% and office supplies and expenses that are under-budget by approximately 12.6%. The primary drivers related to the under-budget results include: Conferences/travel/building maintenance/computer hardware and software/legal. These costs were slightly offset by an over-budget result in outside services.

It was also noted that as previously mentioned at the February Board meeting, Project #10 is currently over-budget primarily due to the increase in property insurance costs.

There was a brief discussion regarding the Great Blue Research project and the results of those efforts. It was noted that each utility will be receiving their specific individual reports within the next week. One issue that created difficulty in obtaining accurate data was the ability to obtain specific customer contact data. The lack of specific data required that Great Blue buy that data based on zip codes which provided data for customers that were not necessarily in the VPPSA member's service territory.

The motion to approve the Treasurer's report for the period ending February 29, 2020 was approved.

8. Director Fitzhugh made a motion to approve Resolution 2020-03 (Presentation and Acceptance of the 2019 Audit Report) as presented. The motion was seconded by Director Humphrey.

Jeffrey Graham from Graham & Graham was available (by phone) and presented the 2019 audit report. Mr. Graham noted that VPPSA received a clean, or unmodified, opinion for 2019. The primary components that led to the opinion include:

- VPPSA's strong cash position
- VPPSA's ability to pay down debt
- Expenses remain level/stable
- Increase in Investment earnings
- Bond rating remains stable
- No deficiencies in internal controls

Overall, VPPSA did see a lower net-profit but had an increase in cash position and ended the year with a strong equity position.

Director Morley asked Mr. Graham if VPPSA's asset/liability ratios were sufficient. Mr. Graham indicated that VPPSA's current assets to current liabilities ratio is approximately 1.8 to 1.0, while a

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ratio of 1.1 to 1.0 or lower would be cause for concern; therefore, expectations were exceeded and Mr. Graham felt VPPSA's ratios were strong.

The motion to approve Resolution 2020-03 was approved.

- 9.** Director Morley made a motion to approve Resolution 2020-04 (P10 2019 R&C True-up) as presented. The motion was seconded by Director Fitzhugh.

The Controller reminded the Board that this is annual true-up related to capital expenditures for Project 10. Project participants are required to pay into the Reserve & Contingency fund on a monthly basis for the purpose of funding capital improvements. The fund is trued-up annually. The 2019 true-up results in the funding of capital improvements in the amount of \$41,342 and additional (excess) funds in the amount of \$ 53,312. Resolution 2020-04 authorizes the excess funds be transferred to the Project reserve fund. The Controller provided a brief report on the current and projected balance of the reserve fund.

The motion to approve Resolution 2020-04 was approved.

- 10.** Director Morley made a motion to approve Resolution 2020-05 (Line-of-Credit Renewal). The motion was seconded by Director Fitzhugh.

The General Manger reminded the Board that VPPSA's line-of-credit is a three-year facility that matures in June. The current line-of-credit limit is \$6 million; however, the Resolution authorizes a limit in an amount not to exceed \$10 million. It was further noted that given the tightening of the financial markets and the potential reductions in our member's cash flow, it was determined that the limit should be increased to have access to additional funds.

It was noted that VPPSA staff has started to analyze the potential impacts to the member loads as a result of the coronavirus pandemic and the result that lower loads will have to each member's revenues.

The motion to approve Resolution 2020-05 was approved.

- 11.** Director Fitzhugh made a motion to approve Resolution 2020-06 (Establishment of Board and Committee Meeting Times). The motion was seconded by Director Jones.

The General Manager reminded the Board that at the last Board meeting the Directors indicated that they preferred to continue with the Committee meetings, but the preference was to move those meetings from the second Wednesday to second Thursday of specific months. Resolution 2020-06 reflects this change, as well as, a change to move the annual meeting to occur prior to the Regular Board meeting in the month of April.

The motion to approve Resolution 2020-06 was approved.

- 12.** The General Manager noted that over the past several weeks there have been a number of conversations regarding the NEPPA Mutual aid system and its operations. These conversations have enhanced as municipalities have started to react to the Covid-19 pandemic. Chairman Beliveau expanded on the efforts NEPPA is taking related to the pandemic. There was a short discussion on those efforts and the proper prioritization of requests for line worker PPE in relation to the needs of healthcare workers

- 13.** The General Manager updated the Board on recent activities related to Barton Village. It was noted that very little has happened since the last Board meeting; however, contracts related to the

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VPPSA/Barton relationship and the VPPSA/Lyndonville relationship are in final review. The goal is to have the full proposal to Barton in early April. Director Fitzhugh asked if Barton has received a proposal from Vermont Electric Cooperative (VEC). The General Manager noted that VPPSA has provided VEC with specific information that they have requested (power supply data) but at this time VPPSA is not aware that Barton has received a formal proposal from VEC.

Jeff Graham followed up with a couple of specific questions regarding the financial impact to both Barton and VPPSA and the relationships between all those involved in the VPPSA proposal.

- 14.** VPPSA staff provided brief update related to Legislative and Regulatory activities. Due to the Coronavirus pandemic, the Legislature has been focused on COVID-19 mitigation; however, it is expected that they will return to looking at Energy issues within the next week. On the Regulatory front, VPPSA staff continues to monitor ongoing dockets - the most relevant being the disconnect rule that several members have been actively involved in. It was noted that a summary of comments related to that rule will be sent out shortly. There was a short discussion regarding the Efficiency Vermont budget and the efforts to bring EEC funds back to the local communities.

Ms. Leopold provided a brief update on VPPSA's communication efforts during the COVID-19 pandemic and what VPPSA can do to assist the members during this time.

- 15.** A brief report of the Generation & Other Assets Committee meeting was provided by the General Manager. The topics discussed at that meeting include: 1) update on Project 10, 2) the value of Load Reducing resources, 3) solar project updates, and 4) a SHEI update.
- 16.** The majority of the items discussed at the Advisory & Risk Management Committee meeting were addressed under other agenda items; however, a brief update on the Committee's discussion related to the Committee's meeting dates/times, the Great Blue survey and battery storage was provided.
- 17.** Director Fitzhugh made a motion to enter Executive Session under the provisions of 1 V.S.A. §313(a)(3) to discuss personnel issues and to provide an evaluation of the General Manager. The motion was seconded by Director Jones. The motion was approved.

The Board entered Executive Session at 11:02 a.m.
The Board returned to Regular Session at 11:07 a.m.

Director Fitzhugh made a motion to accept the employee evaluation for the General Manager and to implement a 4% increase in pay effective with the next pay period. The motion was seconded by Director Petraska. The motion was approved.

- 18.** Other Business: No other business was brought before the Board.

The meeting was adjourned at 11:10 a.m.

Respectfully submitted,

Crystal Currier

Crystal Currier, Secretary