



Regular Board of Directors Meeting Minutes

June 3, 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	P	Reginald Beliveau, Swanton
P	Thomas Petraska, Ludlow		

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

Alternates present:

Lynn Paradis, Swanton - (P)	

Others present:

Ken Nolan, VPPSA - (X)	Amy Parah, VPPSA - (X)	Crystal Currier, VPPSA - (P)
Julia Leopold, VPPSA - (P)	Melissa Bailey, VPPSA - (P)	Ken St. Amour, VPPSA - (P)
Steve Farman, VPPSA - (P)	Alex Nicholson, VPPSA - (P)	Dave Gagne, VPPSA - (P)
Kim Harris, VPPSA - (P)	Michael Vigeant, Great Blue Research - (P)	Taylor Foss, Great Blue Research - (P)

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. The General Manager provided an update on the topics discussed at the Advisory & Risk Management Committee meeting. The majority of topics discussed at the committee will be reviewed in detail under other agenda items - those include: Resolution 2020-07 related to pension plan changes (Agenda #9), Finance Charge Policy Amendment (Agenda #11), VPPSA Representation on the VELCO Operating Committee (Agenda #12), Broadband (Agenda #15),

APPROVED 08/03/20

updates on the proposal to the Village of Barton (Agenda #16), and VPPSA operational changes (Agenda #19).

It was noted that there were a number of Committee meeting minutes that needed to be approved but those have been cleaned up and there was also a short discussion regarding the PUC Disconnect Moratorium.

5. VPPSA staff reminded the Board that the monthly retail sales for May are due this week and it was also noted that comments were recently filed in the low-income docket. There was a lengthy discussion related to the utility disconnect moratorium. After testifying today, VPPSA staff indicated that the regulatory committee was sobered by the impact of arrearages; with the municipalities seeing a slightly higher impact. The DPS testified a clear request that the State allocate some of the anticipated Federal funds be utilized for this effort with funds going directly to the utilities. The PUC has requested that the utilities file a plan on how the utility attends to handle the arrearages and a lengthy discussion ensued on this topic. This plan is due June 19th and VPPSA staff indicated that draft comments will be developed and VPPSA will reach out to the members for further detail.
6. The General Manager provided an update on the topics discussed at the Generations and Other Assets Committee meeting. Those include: 1) update on Project 10 - HMI Computer upgrade (more under Agenda #14a) and budget vs actual results, 2) the value of Load Reducing resources, 3) solar project updates, 4) SHEI update, 5) COVID-19 effects on utility loads, and 6) VELCO's deferral of additional transmission charges related to COVID-19.
7. Director Fitzhugh made a motion to accept the minutes of the Regular Board of Director's meeting held on April 1, 2020. The motion was seconded by Director Elwell. Motion approved.
8. Director Fitzhugh made a motion to accept the Treasurer's report as of April 30, 2020. The motion was seconded by Director Elwell. The Controller provided a brief update related to the operational budget vs. actual summary of VPPSA's operational costs for the period ending April 30th. The financial results indicate operational expenses being under-budget by approximately 14.4%. This includes payroll and overheads that are under-budget by 13% and office supplies and expenses that are under-budget by approximately 17%. The primary drivers related to the under-budget results include: Payroll and OH's for the GIS Technician and Manger of Field Services; conferences/travel/building maintenance/computer hardware and software/legal. These costs were slightly offset by an over-budget result in outside services.

The McNeil and Project 10 projects were reviewed briefly. The following key variances were noted:

McNeil (underbudget variances):

Generation 39% or 7,504,226
Operating Expenses - \$409,987 or 25%
Wood Fuel - \$330,509 or 31.5%

P10 (overbudget variances):

\$13K in Regional Market Expenses - PRC Audit
\$18K in Transmission Maintenance-Station Equipment - Relay Testing
\$82K in Property Insurance

The motion to approve the Treasurer's report for the period ending April 30, 2020 was approved.

The Controller provided a brief update on the Audit RFP that was recently issued. The RFP was sent to sixteen firms, seven responses were received and only one proposal was submitted. More detail will be provided to the Board at the August Board meeting.

APPROVED 08/03/20

- 9.** Director Morley made a motion to approve Resolution 2020-07 (Ratification of Pension Changes) as presented. The motion was seconded by Director Humphrey.

The General Manager reminded the Board that in response to the CARES Act (related to COVID-19), Congress passed a series of changes to employee's ability to access pension and retirement plan funds to cover immediate needs. In order to activate these changes each retirement plan sponsor would need to agree to the changes as outlined on the attached Sponsor Election Form. Due to timing, the Board was informed of the need to respond and absent objections from the Board, the General Manager as the Plan Administrator authorized the plan changes. Resolution 2020-07 ratifies the actions of the Plan Administrator.

The motion to approve Resolution 2020-07 as presented was approved.

- 10.** Director Elwell made a motion to approve Resolution 2020-08 (Line-of-Credit Renewal) as presented. The motion was seconded by Director Humphrey.

The General Manager reminded the Board that VPPSA's line-of-credit is a three-year facility that matures in June. At the April Board of Directors Meeting, the Board approved Resolution 2020-05 authorizing staff to renew VPPSA's existing line-of-credit with KeyBank and to expand it to \$10million. Since that time, VPPSA staff has been working with KeyBank to finalize the loan documents. When the draft loan documents were received, the documents contained unexpected provisions that would increase the costs significantly. As a result, VPPSA staff has been reviewing alternative lenders that may provide a line-of-credit with more favorable terms. Resolution 2020-08 replaces Resolution 2020-05 and provides broader authority to utilize either KeyBank or another lender if more favorable terms are achieved.

The motion to approve Resolution 2020-08 as presented was approved.

- 11.** Director Fitzhugh made a motion to approve Authority Policy F4(a) - "Finance Charges and Notification of Overdue Receivables Resulting from the COVID-19 Pandemic". The motion was seconded by Director Elwell.

The General Manager indicated that VPPSA is trying to position itself to support members while the state works through how to address the financial impacts of COVID-19 related directives. Specifically, VPPSA intends to provide flexibility in payment of power supply bills for members who may experience cash flow concerns. This policy would restructure VPPSA's existing finance charge policy to be more reflective of actual costs incurred (by VPPSA) rather than the present finance charge policy which is set at rate that encourages timely payments.

Director Morley asked the member's if any of them were experiencing significant cash flow difficulties and several members addressed their specific situations.

The motion to approve Finance Charge Policy Amendment F4(a) was approved.

- 12.** The General Manager reminded the Board that VPPSA's current representatives on the VELCO Operating Committee are Craig Myotte as primary and Steve Fitzhugh as alternate. With Craig's retirement, the Board needs to appoint new representatives to the VELCO Operating Committee.

Director Morley made a motion to appoint Director Fitzhugh as VPPSA's primary representative to the VELCO Operating Committee. The motion was seconded by Director Humphrey. The motion was approved.

APPROVED 08/03/20

Director Morley made a motion to appoint Director Humphrey as VPPSA's alternate representative to the VELCO Operating Committee. The motion was seconded by Director Fitzhugh. The motion was approved.

The General Manager noted that the next step is for VPPSA to inform VELCO of VPPSA's appointed representatives and the VELCO Operating Committee will vote at their next meeting, to officially include the VPPSA representatives.

The General Manager reminded the Board that over the last several Board meetings there have been several discussions regarding how to best constitute the three Committees of the Board and how to maximize their effectiveness. To date, no changes have been made to the underlying committee structure. The staff suggested the development of a new Resolution (that would supersede all previous Resolutions) with the following components:

1. Make it clear that the committees are advisory only and have no authority to approve any action.
2. Clearly identify that there is no quorum requirement for any committee meeting.
3. Eliminate individual named membership and instead indicate that each committee is a committee of the whole with all members and alternates holding seats.
4. Indicate that the Board officers shall also be officers of each committee; thereby naming the Chair and Vice-Chair to oversee the committee meetings and in their absence providing for a temporary Chair to be elected from those attending.

These changes will allow staff to proceed with whichever Board members are able to attend each committee meeting and move minutes forward with a vote of whoever is present at the following meeting. Director Morley asked if the meetings would need to be warned. There was a brief discussion regarding the open meeting law and whether or not the meetings would require warning. Director Elwell was concerned with a lack of attendance if no specific individuals are identified as specific "committee members".

There was a short discussion related to the value of the Committee meetings and if the Board should move back to monthly Board meetings. Several Directors were supportive of holding monthly Board meetings.

Director Fitzhugh made a motion to move back to monthly Board meetings, with every other meeting being focused on covering those topics that were typically covered during the existing Committee meeting structure. The motion was seconded by Director Sullivan.

The General Manager noted that this will result in the next Board meeting being held in July and at that time the staff will present a Resolution that reflects the intent of this motion.

The motion was approved.

- 13.** A. Ken St. Amour, VPPSA's Manager of Technology and Security Services, provided an update on the processes underway to replace the aging computer that runs the HMI control systems at Project 10. It was noted that the existing technology is based on Windows 2003 servers and Windows XP client operating system-based hardware. Bids were solicited from three (3) vendors and two (2) bids were received. A brief overview of the two bids (EthosEnergy and Hallam) and specifications of each, was provided. Based on the specific information received, staff recommended to the Generation and Other Assets Committee that VPPSA move forward with the EthosEnergy bid and while the committee asked several questions about the proposal and staff conclusions, they ultimately concurred with the staff recommendation.

Ken St. Amour also noted that the security server that is needed for CIP requirements is not included in this proposal and staff will be looking to replace that software/hardware as well.



Director Fitzhugh made a motion to accept the bid from EthosEnergy for upgrading the Project 10 HMI systems and authorize staff to proceed with the project. The motion was seconded by Director Sullivan. The motion was approved.

B. Ken St. Amour, VPPSA's Manger of Technology and Security Services reminded the Board that cyber threats are growing every day and the level of scrutiny being brought by state and federal regulators are rapidly increasing. Considerable time has been devoted to evaluation options for VPPSA and the members to deploy a VPPSA wide initiative to cyber security that could be managed centrally. A detailed presentation of the cyber security issues, the program solutions, the providers that can provide them and the related costs were reviewed. The proposed cost for all the proposed solutions is approximately \$56K; however, this proposal will provide a greater level of security for VPPSA and the VPPSA members.

Several Directors voiced their support for the program. Going forward, VPPSA staff will be assessing each member's security programs to determine those members that wish to participate in the program. More information will be provided at the next Board meeting.

- 14.** The General Manager informed the Board that Broadband discussions are underway on several fronts and a short recap of each was discussed: 1) the DPS Emergency Action Plan, 2) Briglin Committee, 3) VELCO - Tilson Effort, and 4) CUD Conversations. The General Manager noted that VPPSA is doing its best to stay engaged in the range for discussions and to position the members in every venue as supportive of broadband expansion but unwilling to be retail providers.
- 15.** 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, VPPSA has been informed that Barton has received its first offer from VEC and that offer was well received and of notable interest to Barton. VPPSA staff has been working with Barton staff to fold VPPSA's latest cost estimates into Barton's FY20 budget in order to project forward five (5) years and ultimately develop a projection of Barton revenue requirements.

Next step is to get VPPSA's revised proposal in front of the Barton Trustees.

- 16.** The General Manager informed the Board that the AMI review committee met on May 28th to review the proposal scoring and pricing evaluation. The group discussed all aspects of the various proposals to determine which questions remained and whether sufficient information was available to make a decision. The primary take-aways include: 1) one bidder was the first choice based on the written documents and 2) one bidder did not meet all of the RFP requirements. The committee decided to proceed with follow-up calls to references, develop a list of specific questions that will be posed to each vendor following up on issues identified through the initial review and request the remaining two vendors to perform a demonstration of their systems. Those demonstration calls have been scheduled and it is expected that a final decision will be made by end of July.
- 17.** Michael Vigeant and Taylor Foss from Great Blue Research were available and provided a detailed presentation of the program, the survey components and its results. Some key take-aways include: customer satisfaction is high, service quality is more important than rates and increasing education and awareness for customers is key. Each member's detailed report has been sent to them and Great Blue offered to go through that data with each member on an individual basis.

APPROVED 08/03/20

18. The General Manager provided an update to the Board about VPPSA operations during the state and federal emergencies related to COVID-19. It was noted that VPPSA has completed an "Opening Plan" that allows for staff to go back into the office as needed; however, the office remains closed to the public. Given that schools and daycare facilities remain closed, nearly half of the staff will have difficulty returning to the office without accommodation. The General Manager noted that he will be discussing the issue with each of the staff to determine how VPPSA will move forward.

The strategic planning effort at the end of June is still being held with the Board being onsite and the VPPSA staff participating via remotely.

19. Other Business: Director Fitzhugh inquired about whether a resolution had been reached regarding VPPSA's ability to host member websites. The General Manager stated that VPPSA had concluded that it was unable to host member websites by nesting them within the VPPSA website, but that a discussion about VPPSA supporting specific member website hosting/development had not been concluded. The General Manager suggested that Northfield add website hosting to the security discussion to be held with VPPSA staff over the next month so that a more specific scope could be developed.

The meeting was adjourned at 1:55 p.m.

Respectfully submitted,

Crystal Currier

Crystal Currier, Secretary