



Regular Board of Directors Meeting Minutes

November 4, 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 Dolan, Johnson	X	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)	Melissa Bailey, VPPSA - (P)	Crystal Currier, VPPSA - (P)
Heather D'Arcy, VPPSA (P)	Shawn Enterline, VPPSA - (P)	Steve Farman, VPPSA - (P)
Dave Gagne, VPPSA (P)	Julia Leopold, VPPSA - (P)	Alex Nicholson, VPPSA - (P)
Amy Parah, VPPSA - (X)	Amanda Simard, VPPSA - (P)	Ken St. Amour, VPPSA - (P)

Numbers in bold type correspond with agenda item numbers:

1. Chairman Beliveau called the meeting to order at 9:31 a.m.
2. Chairman Beliveau asked if there were requests for changes and/or modifications to the current agenda. No changes were 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 Elwell made a motion to accept the minutes of the Regular Board of Directors meeting held on October 7, 2020. The motion was seconded by Director Humphrey. Motion approved.
5. Director Jones made a motion to accept the Treasurer's report as of September 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 September 30th. The financial results indicate operational expenses being under-budget by

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approximately 13.2%. This includes payroll and overheads that are under-budget by 11.75% and office supplies and expenses that are under-budget by approximately 16.8%. The primary drivers related to the under-budget results include: Payroll and OH's for the GIS Technician and Manager of Field Services; conferences/travel/building maintenance/legal. These costs are offset by an over-budget results in bank fees (LOC), outside services and computer hardware/software (specifically cyber security costs). Similar to the under-budget results for expenses, it is also expected that revenues will be under-budget. This is due to the fact that two of the standard offer projects did not go online as expected and a portion of the Field services position was expected to be paid directly by the Village of Barton and Ashland Electric. It is expected that this trend will continue for the remainder of the year.

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

6. Director Jones made a motion to accept Resolution 2020-11 (related to the Incentive payment to Glavel Inc.), as presented. The motion was seconded by Director Fitzhugh.

The General Manager reminded the Board that as discussed at the October Board meeting, VPPSA had been approached by a new manufacturing company looking to locate in Lyndonville's service territory. The company had previously been working with GMP to determine if RES Tier 3 credits would apply to their project and if GMP would be willing to offer an incentive. GMP had confirmed the Tier 3 applicability and offered a \$400,000 incentive; however, once the company identified the possible location and determined it was in Lyndonville's service territory, the company reached out to VPPSA to see if VPPSA could match the incentive GMP had offered. VPPSA staff has reviewed the project and believes the incentive would be a good investment for the VPPSA members and determined that it has the potential to fully meet member Tier 3 obligations for several years.

Given the upfront incentive cost, the General Manager is proposing that VPPSA pay the incentive and acquire the credits in a VPPSA inventory account and then utilize the credits to the members as they are needed to meet RES T3 obligations. Resolution 2020-11 authorizes the General Manager to commit to the incentive and to make the payment if the manufacturing company fulfills its commitments and it also authorizes the General Manager to proceed with any actions needed to execute the incentive payment, including any such financing arrangement if needed.

There was a brief discussion regarding the cost of the credits, how the credits would be utilized and when the members would pay for them. The Board was supportive of the project.

The motion to accept Resolution 2020-11 as presented was approved.

7. Director Jones made a motion to approve the backup generator project as presented; award the bid to Pratt & Smith and authorize the General Manager to take all steps necessary to move the project forward. The motion was seconded by Director Elwell.

The General Manager reminded the Board that there had previously been several discussions related to the purchase of a backup generator for the Project 10 site. The installation of a backup generator was included in the 2020 budget in the amount of \$250,000. Dave Gagne proceeded to move the project forward and brought a proposal to the Board for consideration; however, several questions were raised regarding the need for the generator and whether the proposed size was correct and if the cost was realistic. Since that time, Dave Gagne has worked with Dave DeSimone to take a deeper dive into re-evaluating the project. As a result, it was determined that there are two key reasons to purchase a backup generator - 1) Project 10 is a blackstart unit and under the ISO markets the units are obligated to be able to start and 2) the Project 10 site is more and more often being utilized as our backup/emergency site.

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The project was put out to bid and three firms looked at the project, although only one firm formally submitted a bid. Part of the bidding process was to confirm the size of the generator needed. The responses indicated that at minimum a 200kW generator was appropriate to meet current needs but a 250kW generator would allow for future load growth. The project cost for the generator and installation, plus upgrading the transfer switch and enclosure is expected to be approximately \$157,135.

The Board discussed the need for the generator and the cost/sizing of the proposal.

The motion was approved as presented.

- 8.** As a follow-up to Agenda item #6 and previous discussions as to how VPPSA would move forward Custom RES Tier 3 projects (as opposed to the host utility needing to support such projects), that also require upfront financial obligations, the General Manager informed the Board that VPPSA staff continues to develop a policy to propose but wanted to put forth a general framework that is under consideration. The General Manager described the general process regarding how VPPSA expects to determine each member's obligation and any shortfall after accounting for banked credits and any allocation from the prescriptive program. VPPSA would then determine the credit cost of achieving custom projects and collect funds from each member that is projected to be short of its obligation based on the estimated custom price. It was noted that the General Manager would have the authority to commit to additional custom projects as long as certain criteria are met.

The Board discussed the general framework and the specific parameters for moving projects forward including scenarios whereby projects would require Board approval. The General Manager indicated that the staff will continue development on the policy that will be brought back to the Board for consideration.

- 9.** The General Manager presented the second draft of the FY2021 Budget. The changes since the October draft were reviewed, as well as, steps that were taken to mitigate the impact of those changes (P10 insurance, RES custom projects, central computer server upgrade, etc.). As a result of questions specifically related to the GIS project, the General Manager provided a deeper dive into how the cost and allocations for that project were developed. The changes result in an overall budget increase (over 2020 budget) of 2.8% or approximately \$300K.

The General Manager reminded the Board that we will be looking for approval of the VPPSA Operating Budgets at the December Board meeting; therefore, the Board was encouraged to send any questions and/or concerns they have as soon as possible so that VPPSA staff can update the budgets accordingly.

- 10.** Amanda Simard, VPPSA's Senior Analyst provided a presentation related to retail sales data tracking and reporting. The presentation identified the use of sales data, a goal of receiving consistent and timely data, the things that are changing driving the need for these requests, an established data deadline, VPPSA's response to the changes, and other reasons for VPPSA and the members to be proactive. The Board briefly discussed existing internal procedures and how they might be modified to meet VPPSA's proposal. Amanda informed the Board that staff would be reaching out to member finance staff to begin developing procedures.
- 11.** Melissa Bailey, VPPSA's Manager of Government Relations, provided an update on recent Legislative and Regulatory activities. A brief update on the election results (and potential impacts) was provided and it was noted that VPPSA staff is working with the Lobbyists to plan for the 2021 legislative session. VPPSA staff is organizing virtual legislative breakfast events with the constituents from the Member service territories. On the Regulatory front, a brief update on

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several PUC proceedings was provided along with an update on the work with Efficiency Vermont and Tier 3 program coordination.

- 12.** Ken St. Amour updated the Board on current activities related to the AMI project. It was noted that the proposal from Jackie Lemmerhirt was executed and she will assist VPPSA with the contract negotiation and general project management. Ken St. Amour shared several maps to demonstrate how the process is evolving and it was noted that VPSA staff will be soliciting data from the members to share with Aclara.
- 13.** The General Manager provided a brief update on the status of Barton. It was noted that there have been no additional updates other than that the Barton Trustees have considered participation in three different VPPSA efforts - EVT participation, VPPSA's GIS and AMI projects. It was also noted that Barton's focus in these discussions was specific to how the participation in these programs would interact with VEC operations.
- 14. - 16.** Director Elwell made a motion to find that premature general public knowledge of the Authority's discussions and/or negotiations with potential counterparties would place the Authority in a position to suffer a substantial disadvantage because it would expose proposed terms of the contract negotiations. The motion was seconded by Director Fitzhugh. The motion was approved.

Director Elwell made a motion to enter executive session to discuss contract negotiations as allowed under the provisions of Title 1, Section 313 (1)(A) of the Vermont Statutes. The motion was seconded by Director Fitzhugh. The motion was approved.

The Board entered Executive Session at 12:15 p.m.

The Board returned to open session at 1:00 p.m.

No action was taken.

- 17.** Other Business.

None.

The meeting was adjourned at 1:02 p.m.

Respectfully submitted,

Crystal Currier

Crystal Currier, Secretary