

**MINUTES OF SPECIAL COMMISSION MEETING
BURLINGTON ELECTRIC COMMISSION**

Thursday, April 18, 2019– 7:30 a.m.

The special meeting of the Burlington Electric Commission was convened at 7:30 a.m. on Thursday, April 18, 2019 at the Burlington Electric Department, 585 Pine Street, Burlington, Vermont.

Darren Springer, Paul Alexander, James Gibbons, Mike Kanarick, Munir Kasti, Laurie Board Clerk), Cheryl Mitchell, Mary Peterson, and Jim Reardon were present at 585 Pine Street, Burlington, Vermont.

Commissioner Haskell was present at Burlington Electric Department for the meeting, Commissioners Jim Chagnon, Bob Herendeen, Scott Moody, and Gabrielle Stebbins participated via conference call.

1. Agenda

There were no changes to the Agenda.

2. Public Forum

Olivia Curtis was present at Burlington Electric Department for the Special Commission Meeting.

3. Fiscal Year 2020 Draft Budget

Mr. Springer informed the Commission that the FY 2020 budget will be very tight based on the impacts of a changing energy market. We are showing positive net income without a rate increase. The REC market continues to slide through FY 2019 and likely will continue to be lower than previous years into FY 2020, but shows the potential for upward movement in FY 2021.

Mr. Springer discussed the bond rating metrics. Cash on Hand, when considering the \$5.0 million Revolving Credit, will be at approximately 90 days, in line with an “A” rating. While BED’s Adjusted Debt Service Coverage Ratio will not further decline in FY 2020 from the current 0.92, it still is not at the 1.50 required for an “A” rating.

Mr. Springer stated that this is the 11th consecutive year without a rate increase. Unfortunately, BED cannot escape some of the market trends, such as a declining REC market and, at some point, will need to seek a rate increase. There is some possibility in FY 2021 that BED may experience some upward trends in REC markets and Sales to Customers. FY 2020 could be a bridge year, and BED may have an increase in revenues that would negate the need for a rate increase in FY 2021.

Mr. Springer discussed Capital Spending. It is a robust Capital Budget, at \$9.6 million. There is funding for “IT Forward”, replacement of the Economizer at McNeil, Gas Turbine A-Jet major overhaul, as well as several projects in Distribution, Engineering and Technical Services.

Mr. Reardon gave an overview of BED’s Income Statement, stating that customer revenues are down \$1.3 million, and REC Revenues are down \$1.5 million. Fuel Costs are down \$600,000 due to lower woodchip costs per ton (\$27.50). Purchased Power costs also are down because we expect to renegotiate a purchase power contract at a lower price than BED currently is paying in FY 2019. Transmission Expense, which has for several years been increasing, is expected to remain level from FY 2019 to FY 2020 at \$8.0

million. BED's O&M is down \$800,000. Mr. Reardon stated that BED reviewed expenses and adjusted accordingly based on a review of FY 2019 year-to-date expenses, which are under-spent through February 2019. Depreciation and Amortization is down \$700,000. The \$3.6 million for Taxes reflects BED's best estimate at this time, but actual tax rates will not be known until this summer.

Dividend Income of \$4.2 million reflects BED's expected investments in VELCO and VT Transco, LLC. The Customer Income of \$1.6 million is the amount we expect to receive for capital projects during FY 2020.

We will present a final FY 2020 budget to the Board of Electric Commissioners on May 8, 2019.

4. Renewal of BED's Line of Credit with KeyBank

Mr. Reardon stated that the Department has previously entered into a revolving line of credit up to \$5.0 million with KeyBank. This line of credit will mature on May 17, 2019. The Department has worked with KeyBank to negotiate new terms and conditions, which Mr. Reardon stated were summarized in an attachment sent to the Burlington Electric Commission dated March 28, 2019

Mr. Reardon stated that this line of credit is included in the calculation of "Days Cash on Hand" for rating agencies.

Commissioner Herendeen made a motion to authorize Burlington Electric Department to enter into the revolving line of credit with KeyBank; the motion was seconded by Commissioner Chagnon. The Board Clerk, Laurie Lemieux, conducted a roll call vote by calling on the following Commissioners:

Commissioner Chagnon. Aye
Commissioner Haskell. Aye
Commissioner Herendeen. Aye
Commissioner Moody. Aye
Commissioner Stebbins. Aye

Results: 5 Ayes with 0 Nays, the motion carries.

5. BED's Lease Purchase Financing Line Agreement

Mr. Reardon stated that Burlington Electric Department has worked with KeyBank to secure lease purchase financing limited to \$1.5 million. The proceeds potentially would be used to finance Information Technology solutions, as well as equipment needed by the Department. BED has issued a "Request for Proposal" to replace the Department's Financial Information System, Customer Information System, and Meter Data Management System. This lease purchase financing would be another option to assist with financing these purchases.

Commissioner Haskell made a motion to authorize Burlington Electric Department to enter into the Lease Purchase Financing Line Agreement with KeyBank; the motion was seconded by Commissioner Chagnon. The Board Clerk, Laurie Lemieux, conducted a roll call vote by calling on the following Commissioners:

Commissioner Chagnon. Aye
Commissioner Haskell. Aye
Commissioner Herendeen. Aye
Commissioner Moody. Aye
Commissioner Stebbins. Aye

Results: 5 Ayes with 0 Nays, the motion carries.

6. Great River Hydro Renewal

Commissioner Stebbins stated that, at the March 13, 2019 meeting, the Commission authorized BED management to replace the Great River Hydro contract for a term of up to five (5) years, provided that a seller could be found offering hydropower with similar characteristics at a price at or below the price of the expiring contract.

Mr. Gibbons stated that, based on the authorization from the Commission at the March meeting, the Department moved forward and asked vendors for pricing to replace the Great River Hydro contract. The Department received responses, which included a couple of three (3) to five (5) year options, but were not able to obtain an indicative price that would allow BED to close at or below the price of the expiring contract. The prices were close enough to the expiring contract that Mr. Gibbons feels that the Department should act, but stated that if specific pricing needed to be discussed at this time then this discussion should enter into executive session.

The Commission felt that specific pricing should be discussed and stated that they would like to enter into executive session.

Commissioner Haskell moved to find that premature general public knowledge of a power contract would clearly place the Burlington Electric Department at a substantial disadvantage per Title 1, Section 313 (a)(1) of the Vermont Statutes; this motion was seconded by Commissioner Herendeen. The Board Clerk, Laurie Lemieux, conducted a roll call vote by calling on the following Commissioners:

Commissioner Chagnon. Aye
Commissioner Haskell. Aye
Commissioner Herendeen. Aye
Commissioner Moody. Aye
Commissioner Stebbins. Aye

Results: 5 Ayes with 0 Nays, the motion carries.

Commissioner Haskell moved that the Commission enter into executive session at 8:28 a.m. with BED Staff to discuss a power contract under the provisions of Title 1, Section 313(a) (1) (A) of the Vermont Statutes; this motion was seconded by Commissioner Herendeen. The Board Clerk, Laurie Lemieux, conducted a roll call vote by calling on the following Commissioners:

Commissioner Chagnon. Aye
Commissioner Haskell. Aye
Commissioner Herendeen. Aye
Commissioner Moody. Aye
Commissioner Stebbins. Aye

Results: 5 Ayes with 0 Nays, the motion carries.

Commissioner Stebbins stated that Mr. Springer provided details regarding Item 6. Great River Hydro Renewal and that her vote for this contract would be sent to the Board Clerk via email. Due to a prior commitment, Commissioner Stebbins exited the meeting at this time.

Commissioner Haskell made a motion to exit executive session at 8:39 a.m.; the motion was seconded by Commissioner Herendeen. The Board Clerk, Laurie Lemieux, conducted a roll call vote by calling on the following Commissioners:

Commissioner Chagnon. Aye
Commissioner Haskell. Aye
Commissioner Herendeen. Aye

Commissioner Moody. Aye

Results: 4 Ayes with 0 Nays, the motion carries.

Commissioner Haskell made a motion to authorize BED Management to enter into a contract with Great River Hydro at the prices agreed to in executive session; the motion was seconded by Commissioner Herendeen. The Board Clerk, Laurie Lemieux, conducted a roll call vote by calling on the following Commissioners:

Commissioner Chagnon. Aye
Commissioner Haskell. Aye
Commissioner Herendeen. Aye
Commissioner Moody. Aye

At 9:26 a.m. on April 18, 2109 Commissioner Stebbins voted "Aye" via email to the Board Clerk.

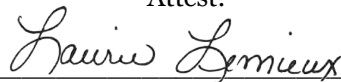
Results: 5 Ayes with 0 Nays, the motion carries.

Commissioner Haskell moved to adjourn the meeting at 8:40 a.m.; the motion was seconded by Commissioner Herendeen. The Board Clerk, Laurie Lemieux, conducted a roll call vote by calling on the following Commissioners:

Commissioner Chagnon. Aye
Commissioner Haskell. Aye
Commissioner Herendeen. Aye
Commissioner Moody. Aye

Results: 4 Ayes with 0 Nays, the motion carries.

Attest:



Laurie Lemieux, Board Clerk