

**MINUTES OF SPECIAL MEETING
BURLINGTON ELECTRIC COMMISSION**

Wednesday, May 13, 2020 – 5:30 pm

The special meeting of the Burlington Electric Commission was convened at 5:33 pm on Wednesday, May 13, 2020 via Microsoft Teams Video Meeting.

Commissioners Chagnon, Herendeen, Moody, Stebbins, and Whitaker participated via Microsoft Teams.

Staff members present via Microsoft Teams included Darren Springer, Paul Alexander, James Gibbons, Freddie Hall, Mike Kanarick, Munir Kasti, Laurie Lemieux (Board Clerk), Dave MacDonnell, Cheryl Mitchell, Paul Pikna, and Emily Stebbins-Wheelock.

1. Agenda

There were no changes to the Agenda.

2. Public Forum

No one from the public was present via Microsoft Teams.

3. Fiscal Year 2021 Budget

Mr. Springer summarized the changes from the draft budget that was presented at the April 29, 2020 meeting.

These changes include additional VELCO transmission expenses of approximately \$160K, along with meter data management (MDM) subscription and maintenance fees for the existing MDM system of approximately \$70K. To counter these expenses, several cuts were made to several line items, including the reduction in costs for outside services, office supplies, business meeting expenses, and publications to name a few. With these additional expenses and cuts to the budget, BED's net income is \$1.938M, which is up slightly from the \$1.897M that was presented at the April 29 meeting with no change in the Moody's matrix.

Mr. Springer stated that the budget being presented is unlikely to move through the year unaltered. Currently, the Department is waiting for the April financials to learn what the COVID-19 impact will be for the remainder of FY20. Mr. Springer stated that BED has conducted a sensitivity analysis to look at the potential effect of COVID-19, and invited Ms. Stebbins-Wheelock to provide the details

Ms. Stebbins-Wheelock presented a PowerPoint showing the actual vs. predicted daily impact of both residential and commercial sales from March 1 through May 3, 2020, This sensitivity analysis

also included the impact on systems sales, which shows overall system loads down approximately 11% during this timeframe.

Ms. Stebbins-Wheelock stated that there are many unknowns such as:

- What the pandemic will do, how much economic shutdowns will continue, and when.
- How loads will respond to COVID-19 shutdowns in periods of cooling.
- How much/how fast load will come back as economy opens up.

Ms. Stebbins-Wheelock reviewed scenarios based on media reports of epidemiological models developed by Center for Infectious Disease Research and Policy at the University of Minnesota. The scenarios included:

- Worst Case 0% Load Recovery – assumes full shutdown continuing through all FY21.
- Slow Burn – assumes small peaks and valleys of social distancing off/on through FY21.
- Fall Peak – assumes opening during summer, with return to social distancing in October and November.
- Winter Peak – assumes opening during summer/fall, with return to social distancing in January and February.
- 50% Load Recovery
- 75% Load Recovery

Ms. Stebbins-Wheelock stated that, through this team effort, the COVID-19-affected load data for April was extrapolated out for FY21. Power Resources used that load to re-estimate power supply expenses at two different depressed energy prices: \$10 less than typical LMP and 65% less than typical LMP and added the two effects from decreased sales and changed PS expense together. These effects were turned up/down based on different possible scenarios for the COVID-19 pandemic.

This resulted in the worst case, with full economic shutdown throughout FY21, mild winter/low energy prices, no amortization of VELCO costs, and no mitigation actions by BED = NI reduction of \$4.4M, producing drop in cash of \$4.4M.

Ms. Stebbins-Wheelock stated that, even in worst case, BED would meet RO bond covenant of debt service ratio >1.25 (2.74) and, in most of the other cases, however, net income stays positive (range of NI effects \$1M to \$2M).

The Commission had questions that BED staff answered and, after some discussion, Commissioner Herendeen made a motion to approve the Fiscal Year 2021 Capital and Operating Budgets as presented; the motion was seconded by Commissioner Moody.

Board Clerk Laurie Lemieux conducted a roll call vote by calling on the following Commissioners:

Commissioner Chagnon. Aye
Commissioner Herendeen. Aye
Commissioner Moody. Aye
Commissioner Stebbins. Aye
Commissioner Whitaker. Aye

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

4. Year 2021 General Obligation Bond

In March 2012, Burlington voters approved a City Charter change to allow \$3,000,000 of General Obligation Bonds to be issued by the City annually for capital improvements on behalf of the Burlington Electric Department. As part of our budget review and approval each year, we include a line item for this \$3,000,000 General Obligation Bond. Bond Counsel of the City requires a formal approval by the Electric Commission before forwarding to the City.

Due to the financial impact of the COVID-19 pandemic, the City is planning to seek City Council approval to issue a Bond Anticipation Note (BAN) instead of a General Obligation Bond for FY21. The BAN will be converted to a bond in FY22.

Commissioner Moody moved to recommend to the Board of Finance and the City Council the authorization for and to direct the Chief Administrative Officer to pledge the credit of the City by issuing a BAN or bonds in an amount of \$3,000,000 for the 2021 fiscal year for electric capital improvements.; 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 Herendeen. Aye
Commissioner Moody. Aye
Commissioner Stebbins. Aye
Commissioner Whitaker. Aye

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

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

Mr. Springer stated that the Department had not anticipated bringing this item to the Commission this year, as this line of credit does not mature until next year. During the City's exploration of different financing tools, the Department came across this line of credit opportunity with KeyBank to extend the term and improve the rate. Mr. Springer stated that the Department in the past has entered into a revolving line of credit up to \$5M with KeyBank, serving as additional cash if needed. Mr. Springer stated that, during his tenure, this line of credit has never been used and is not a

resource from which the Department draws. It does, however, help with BED's cash on hand and our Moody's matrix. Mr. Springer stated that the Department has worked with KeyBank to negotiate new terms and conditions, which Mr. Springer stated were summarized in an attachment sent to the Burlington Electric Commission and dated May 5, 2020.

Commissioner Moody 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 Herendeen. Aye
Commissioner Moody. Aye
Commissioner Stebbins. Aye
Commissioner Whitaker. Aye

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

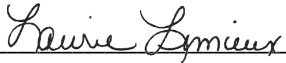
Commissioner Herendeen made a motion to adjourn; the motion was seconded by Commissioner Whitaker. The Board Clerk, Laurie Lemieux, conducted a roll call vote by calling on the following Commissioners:

Commissioner Chagnon. Aye
Commissioner Herendeen. Aye
Commissioner Moody. Aye
Commissioner Stebbins. Aye
Commissioner Whitaker. Aye

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

The Meeting of the Burlington Electric Commission adjourned at 6:32 p.m.

Attest:



Laurie Lemieux, Board Clerk