Finance Committee Notes

March 30, 2010

The finance committee met at 2:00 pm on March 30, 2010, with John Klosterman, Treasurer and Finance Committee chair; Debbie Kitchin, Board member; Dan Enloe (via phone), Board member; Sue Sample, CFO attending. John Reynolds, Margie Harris, and Pati Presnail did not attend.

December 2009 Draft Audited Financial Statements

The committee had all reviewed the draft audited financial statements and had no concerns with the material presented. The major difference from prior year statements was the presentation of assets and liabilities at fair value as required by accounting guidelines. Sue provided the finance committee with information about the management letter comments provided by the auditors regarding the financial operations and information systems components of the financial audit. The comments were related to detailed operational aspects and did not provide evidence of significant deficiencies in internal controls. The draft financial statements and management letters will be formally presented to the Audit Committee on Tuesday, April 6, 2010. The financial statements will then likely be recommended for acceptance by the Board at its meeting on April 7, 2010.

January 2010 Financial Statements

Nothing of particular note was raised regarding the January financial statements.

February 2010 Financial Statements

Dan brought up concerns about the revenue variances identified in the financial statements, particularly with the under-collection of incremental funding from PGE and PacifiCorp, and the over-collection of revenue from NW Natural. The first is explained by the timing of the filing for additional incremental funding by the electric utilities. The 2010 budget for incremental funding was created to match the utility filing amounts to provide transparency in the budgeting process. However, the utilities did not file for the increase until later than expected, which pushed the increased revenue collection to February and March instead of December and January as budgeted. This shortfall is expected to continue with minor mitigation effects for the remainder of the year. The offsetting NW Natural over-collection has been attributed by NW Natural personnel to higher than anticipated usage by their customer base. Finance staff will conduct further inquiries.

Dan also asked for a reminder of the content of the OPOWER agreement. He was reminded that it involved the behavioral evaluation of the impact of providing neighbors energy usage as a comparison point.

Debbie questioned the status of incentives as compared with prior years. She heard that incentives in existing commercial programs were down 30% from last year. Sue will provide some analysis before the Board meeting.

Banking RFP

The committee then discussed the Banking RFP document. The committee had several recommendations for improvements. Among them:

- Consider larger credit unions as an option and remove bank specific criteria
- Gather information about the participation of financing energy-related activities

- Ask for information about their outstanding loan portfolio in Oregon and southwest Washington as an indication of their "local" commitment

The committee would like to review the completed matrix used in evaluating the respondents to the RFP, hear staff's recommendation as to the top candidate(s), and then meet the representatives from the top two respondents prior to awarding the agreement.

Other updates

Sue provided the committee with information about a potential building location to be renovated to LEED standard that might be a good fit for Energy Trust at its lease expiration in 2011. The proposed rate would be above Energy Trust's criteria, but could be brought within range using a number of alternatives described by the proposers. However, the arrangement would require a relatively quick response from Energy Trust about acceptance. John and the rest of the committee were uncomfortable pursuing an option like this without considering a number of alternatives given the amount of available space in Portland and the need for transparency. Rather than releasing the proposed RFQ for brokerage services, they recommended that Energy Trust pursue a different path including:

- Identifying and quantifying the true efficiencies to be gained by being located on a single floor. This could be done with the use of a consultant. Debbie can provide some recommendations.
- Identify and quantify the costs of moving to a new location.
- Issue an RFP on building space to hear about available locations
    - Include in the RFP response a requirement for a BEEP (BOMA energy efficiency program) report or the plan to implement findings from such a report. We would need to agree to maintain confidentiality of that information.
    - Instead of using a broker, use the services of a real estate attorney to evaluate the proposed lease.
- Solicit input from the full Board about the criteria they feel is most important in the selection. Among the items discussed:
    - Location
    - Cost
    - Energy efficiency

Next Meeting

The committee agreed to cancel the next scheduled meeting for April 19, 2010 and re-schedule for a time that will better suit the review of the banking RFP responses as described in the evaluation matrix.