Board Meeting Minutes – 103rd Meeting

February 9, 2011

Board members present: Dan Davis, Jason Eisdorfer, Dan Enloe, Julie Hammond, Al Jubitz (joining by teleconference), Debbie Kitchin, John Klosterman (joining by teleconference) Alan Meyer, Bob Repine (ODOE special advisor), and John Reynolds

Board members absent: Rick Applegate, Julie Brandis, Roger Hamilton, Caddy McKeown and John Savage (ex officio)

Staff attending: Pete Catching, Amber Cole, Cheryle Easton, Fred Gordon, Hannah Hacker, Margie Harris, Nancy Klass, Steve Lacey, Sue Meyer Sample, John Volkman, Peter West

Others attending: Jim Abrahamson, Cascade Natural Gas, Janet Schaeffer

Business Meeting

President John Reynolds called the meeting to order at 1:30 pm.

General Public Comment

There was none.

Consent Agenda

MOTION: Approve Consent Agenda. John Reynolds noted the Consent Agenda consisted of minutes from the December meeting and an amendment to the Contract Execution Policy.

There were two proposed corrections to the minutes on page one to read as follows:

1. Business Meeting
   Secretary Debbie Kitchin called the meeting to order…

2. Consent Agenda
   MOTION: Approve Consent Agenda. Debbie Kitchin noted the Consent Agenda …

There was one proposed amendment to the Contract Execution and Oversight Policy, Section 6, was amended to read as follows:

Not less often than annually, staff shall report to the Policy Committee all …

Moved by: Debbie Kitchin Seconded by: Dan Davis

Vote: In favor: 9 Abstained: 0

Opposed: 0

Consent agenda adopted on February 9, 2011, by Energy Trust Board of Directors.

December 17, 2010, meeting minutes with corrections was adopted as part of the Consent Agenda

RESOLUTION 575

AMENDING CONTRACT EXECUTION POLICY

WHEREAS:

1. **Board approval is required for any Energy Trust contract, incentive or program cap over $500,000.**
2. **During development of the 2011 budget, staff asked if the current board policy authorizing the executive director to sign contracts involving less than $500,000 adequately covers situations in which Energy Trust pays more than $500,000 to a contractor under two or more contracts that are individually under $500,000.**
3. **The Board's Policy Committee has discussed the current policy and proposes amendments clarifying that the executive director should report instances in which contractor payments cumulatively exceed $500,000, while confirming the executive director's authority to sign contracts involving less than $500,000.**

It is therefore RESOLVED that the Board of Directors of Energy Trust of Oregon, Inc.:

Amends the board policy on contract execution authority as shown in Attachment 1, to require reporting on instances in which a contractor receives more than $500,000 in Energy Trust funding per year under separate contracts, and confirm that the executive director has authority to sign all contracts involving $500,000 or less.

Attachment 1 to the 5.05.009-P Contract Execution and Oversight Policy

Purpose*: The Energy Trust Board of Directors has delegated to the Executive Director authority to execute all contracts on behalf of the organization consistent with the bylaws, PUC grant agreement and governing law. This policy regulates the implementation of this authority.*

Policy:

1. All contracts shall be consistent with the bylaws, PUC grant agreement and governing law.
2. The Energy Trust legal department shall review as to form all contracts before submitting them to the Executive Director.
3. Contracts over the amount of $500,000:
   - No contract will be executed unless the Board of Directors has first reviewed and approved its basic terms.
   - When it approves basic contract terms, the Board may instruct the Executive Director to bring a final contract back to the Board for review and approval before the contract is executed.
   - The Executive Director shall not execute contract amendments that make major changes in contract terms (e.g., more than 10% change in funds obligated, more than 20% change in energy saved or produced, time by which savings will be achieved) unless the Board of Directors has first reviewed and approved the basic terms of the change.
4. Contracts under $500,000: The Executive Director or, if the Executive Director is unavailable, the General Counsel or corporate officer designated by the Executive Director, is authorized to execute contracts involving less than $500,000 without Board review or approval of basic terms. This authority includes instances in which two or more contracts involving less than $500,000 with a single contractor exceed $500,000 in the aggregate.
5. For programs managed directly by Energy Trust staff, incentive agreements that involve less than $500,000, and are processed in accordance with standardized program forms and procedures that have been reviewed by the legal department may be approved by the relevant department director or management-level staff designated by the department director. This authority includes instances in which multiple incentive payments to a participant or contractor, processed in accordance with standardized program forms and procedures, exceed $500,000 in the aggregate.
6. Not less often than annually, staff shall report to the [Policy/[DELETE Finance] Committee all instances in which Energy Trust has paid more than $500,000 to an individual contractor in a given calendar year.
7. Staff and in-house contractor employment agreements: The Executive Director or, if the Executive Director is unavailable, the General Counsel or corporate officer designated by the Executive Director, may execute staff and in-house contractor employment agreements without Board review or approval of basic terms.
8. Contracts not involving a dollar expenditure may be signed by the relevant director or his/her designated manager(s).
9. The Executive Director shall maintain contract records required for an independent audit.

Resolution 575, amending Contract Execution Policy with correction to Section 6 was adopted as part of the Consent Agenda.

Nominating Committee

Alan Meyer, Nominating Committee Chair, introduced these resolutions.

Resolution 573, electing Dan Enloe, Roger Hamilton, and John Klosterman to new terms on the Energy Trust Board of Directors.

RESOLUTION 573
ELECTING DAN ENLOE, ROGER HAMILTON, AND JOHN KLOSTERMAN
TO NEW TERMS ON THE ENERGY TRUST BOARD OF DIRECTORS

WHEREAS:

1. **The terms of incumbent board members Dan Enloe, Roger Hamilton, and John Klosterman expire in 2011.**
2. **The board nominating committee has recommended that these members' terms be renewed**

It is therefore RESOLVED:

1. **That the Energy Trust of Oregon, Inc., Board of Directors elects Dan Enloe, Roger Hamilton, and John Klosterman incumbent board members, to new terms of office that begin in 2011 and end in 2014.**

Moved by: Alan Meyer Seconded by: Julie Hammond

Vote: In favor: 9 Abstained: 0

Opposed: 0

Adopted on February 9, 2011, by Energy Trust Board of Directors.

Resolution 574, electing officers of Energy Trust of Oregon, Inc.

RESOLUTION 574
ELECTING OFFICERS OF
ENERGY TRUST OF OREGON, INC.

WHEREAS:

1. **Officers of the Energy Trust of Oregon, Inc. (other than the Executive Director and a Chief Financial Officer) are elected by the Board of Directors at the board's annual meeting.**

2. The Board of Directors nominating committee has nominated the following directors to renew their terms as officers:

- **John Reynolds, President**
- **Debbie Kitchin, Vice President**
- **Caddy McKeown, Secretary**
- **John Klosterman, Treasurer**

It is therefore RESOLVED:

1. That the Board of Directors hereby elects the following as officers of Energy Trust of Oregon, Inc., for 2011:

- **John Reynolds, President**
- **Debbie Kitchin, Vice President**
- **Caddy McKeown, Secretary**
- **John Klosterman, Treasurer**

Moved by: Alan Meyer Seconded by: Julie Hammond

Vote: In favor: 9 Abstained: 0

Opposed: 0

Adopted on February 9, 2011, by Energy Trust Board of Directors.

Resolution 576, electing Jeff King to the Energy Trust Board of Directors

Alan said Al Jubitz decided not to seek a new three-year term. Jeff King, who just retired from the Northwest Power Planning and Conservation Council, has agreed to serve.

RESOLUTION 576
ELECTING JEFF KING TO THE ENERGY TRUST BOARD OF DIRECTORS

WHEREAS:

1. **Al Jubitz is not seeking to renew his term on the Energy Trust board, which expires in February 2011.**
2. **The board nominating committee has reviewed candidates for the open board seat and recommends Jeff King, most recently the Senior Resource Analyst for the Northwest Power and Conservation Council.**

It is therefore RESOLVED:

That the Energy Trust of Oregon, Inc., Board of Directors elects Jeff King to a three-year term on the Energy Trust Board of Directors, until February 2014.

Moved by: Alan Meyer Seconded by: Debbie Kitchin

Vote: In favor: 9 Abstained: 0

Opposed: 0

Adopted on February 9, 2011, by Energy Trust Board of Directors.

Jeff expressed gratitude for the nomination. John and others thanked Al Jubitz for his years of service. Margie said we will want to honor Al when he returns. Al thanked everybody at Energy Trust. He said he has never been on a board with people who have such integrity.

Al Jubitz left the meeting.

President's Report

John introduced Margie Harris who with help from Fred Gordon and Pete Catching, prepared a presentation on his behalf on the topic of energy efficiency achievements in Vermont vs Oregon. Margie showed a slide depicting Efficiency Vermont (EV) capturing more energy efficiency as a percentage of load than we are—9 percent for Vermont vs 7.6 percent for Oregon. The source is the Center for Environment and Policy.

Some factors contributing to the differences include:

- Vermont has higher avoided costs (13 cents vs 8 cents)
- Vermont has very little gas and electric heating, with more diversity of fuel sources which include propane, oil and wood heating
- The Vermont Public Service Commission ordered Efficiency Vermont to quickly reduce demand in targeted areas to avoid T&D and systems costs, based on a law we do not have in place here

Savings were derived from a one-time focused lighting initiative to quickly reduce load for which Efficiency Vermont paid the full cost of lighting retrofits

- By contrast, Energy Trust lighting investments are designed to be long-term and ongoing since implementing this lighting initiative, Efficiency Vermont's savings appear to be dropping, after appearing to peak at 16 aMW in 2008. Energy Trust lighting savings are on a path of growth.

Some additional distinctions between marks and program strategies include having a larger industrial base in Oregon and different grid configurations which point Vermont more in the direction of reducing T&D load as a higher priority than what we do here.

Debbie Kitchin noted the long life of investments we make in older buildings here given our historically low energy costs.

Jason asked if Vermont is missing other opportunities. Fred said they have a robust program, much like ours; the main difference was the accelerated emphasis in lighting.

Fred also noted Efficiency Vermont has a larger staff (approximately 175) and markets to much smaller businesses in largely smaller towns and rural communities.

Resolution 578, board committee appointments. John Reynolds introduced the resolution.

RESOLUTION 578
BOARD COMMITTEE APPOINTMENTS

WHEREAS:

1. **The Energy Trust of Oregon, Inc. Board of Directors is authorized to appoint by resolution committees to carry out the Board's business.**
2. **The Board President has nominated several new directors to serve on the following committees.**

It is therefore RESOLVED:

1. **That the Board of Directors hereby appoints the following directors to the following committees for terms that will continue until a subsequent resolution changing committee appointments is adopted:**

Audit Committee	
	Julie Hammond, Chair
	Caddy McKeown
	Julie Brandis
	Shirley Cyr, CEWO
	John Reynolds (ex officio)
Board Nominating Committee	
	Alan Meyer, Chair
	Caddy McKeown
	Rick Applegate
	John Reynolds (ex officio)
Compensation Committee *(formerly 401(k) Committee)*	
	John Klosterman, Chair
	Dan Davis
	John Reynolds (ex officio)
Executive Director Review Committee	
	Caddy McKeown, Chair
	Roger Hamilton
	John Reynolds (ex officio)

Finance Committee	
	John Klosterman, Chair
	Dan Enloe
	Debbie Kitchin
	John Reynolds (ex officio)
Policy Committee	
	Jason Eisdorfer, Chair
	Rick Applegate
	Roger Hamilton
	Caddy McKeown
	Alan Meyer
	John Reynolds (ex officio)
Program Evaluation Committee	
	Debbie Kitchin, Chair
	Dan Davis
	Tom Eckman, NWPCC
	Dan Enloe
	Ken Keating, expert outside reviewer
	Alan Meyer
	John Reynolds (ex officio)
Strategic Planning Committee	
	Rick Applegate, Chair
	Jason Eisdorfer
	Bob Repine, ODOE
	John Savage, OPUC
	John Reynolds (ex officio)

2. **The executive director and general counsel are authorized to sign routine 401(k) administrative documents on behalf of the board, or other documents if authorized by the Compensation Committee.**

Moved by: Debbie Kitchin Seconded by: Dan Enloe

Vote: In favor: 9 Abstained: 0

Opposed: 0

Adopted on February 9, 2011, by Energy Trust Board of Directors.

Resolution 577, authorize Executive Director to negotiate favorable building office space lease terms. John Reynolds said this was the subject of the board's executive session earlier today. Two minor clarifications were suggested to the first "resolved."

RESOLUTION 577

AUTHORIZE EXECUTIVE DIRECTOR TO NEGOTIATE FAVORABLE BUILDING OFFICE SPACE LEASE TERMS

WHEREAS:

1. **Energy Trust's current building lease expires December 31, 2011.**
2. **Energy Trust has conducted a transparent and competitive process to identify and evaluate potential office space locations.**
3. **Comparative space planning, test-fits and pricing data have been received.**
4. **To maintain Energy Trust's ability to negotiate favorable terms, the board authorizes the executive director to complete negotiations within certain parameters.**

It is therefore RESOLVED:

The Board authorizes the Executive Director to negotiate and sign a lease consistent with the following terms:

a. ***Average occupancy*** **cost per square foot may not exceed $25.00** ***per year***
b. **Secure a minimum of 31,200 square feet of space**
c. **Pay no more than $720,000 per year in lease costs**
d. **Pay no more than $840,000 per year in total average occupancy costs, including lease costs and tenant improvements, relocation and other costs**
e. **Secure a lease term between seven and eight years**

- **In addition, the negotiations will seek to:**
  - **Minimize the cost of tenant improvements**
  - **Maximize flexibility related to both current and future space requirements**
  - **Enhance productivity and efficiency of staff functions and foster teamwork**
  - **Provide daylighting**
  - **Demonstrate the value and cost-effectiveness of efficiency measures that Energy Trust encourages other businesses to undertake**

- **The Executive Director will obtain review by the Board Finance Committee of the specific lease terms prior to signing a lease**

Moved by: Julie Hammond Seconded by: Dan Davis

Vote: In favor: 8 Abstained: 1 (John Klosterman abstained because he was not able to participate in the Executive Session)

Opposed: 0

Adopted on February 9, 2011, by Energy Trust Board of Directors.

Committee Reports

Policy Committee. Jason Eisdorfer said the notes in the packet were discussed at the last board meeting.

Evaluation Committee. Debbie Kitchin reported the committee reviewed the "Path to Net Zero" pilot evaluation. The pilot's aim is to support buildings in achieving usage equal to or less than 50 percent of usage if built to code. The approach included early design assistance (design charettes), technical assistance for modeling and energy studies, incentives for installation and commissioning, and monitoring and reporting. She noted many of the buildings being completed are public sector projects, reflecting the economy.

Debbie also noted the committee also reviewed evaluations of Solarize Southeast Portland and the Solar Energy Review. Staff is looking for alternatives to the site reviews, which proved expensive in light of the numbers of homeowners following through.

The next packet will include evaluations reviewed on January 28.

Alan Meyer noted it would be good to schedule committee meetings enough in advance of the board meeting to be able to include notes from those meetings in the packets. Debbie Kitchin will work toward this. Dan Davis suggested starting those meetings at noon or 1 pm rather than 10 am. Staff agreed to accommodate this request whenever possible.

Finance/Compensation Committee. John Klosterman said the Finance Committee has not met since the last board meeting. They are set to meet March 14. The packet includes unaudited November financials. The December financials will go the committee in the middle of this month.

Alan expressed surprise at seeing the November financials in February. He asked about the line called "investments." Sue Sample said these are short-term investments such as CDARS, required to be displayed this way by GAAP accounting standards.

Board members and Sue discussed some changes to be pursued by the Finance Committee regarding how dedicated funds and contract commitments will be shown.

John gave an update on the Compensation Committee, which met January 11. The first item was a 401k plan check in as recommended by The Standard. The Committee will also review our investment policy and consider adopting The Standard's simpler approach.

The Committee also clarified responsibilities for 401k plan trustees and administrators, and The Standard's fee structure.

John reported some changes in green investment funds that were communicated to staff. Dan Enloe asked how the green funds were performing. John said they were

underperforming. The committee dropped two and added another. The universe of green investment options is smaller and they do not always align well with our investment policy and requirements.

Staff Report

Margie noted the market indicators quarterly report in the packet.

Regarding the staff report, she is taking a new approach that includes a few slides to share at each board meeting. This is intended to strike a balance between the detailed report we used to create and strictly verbal information provided at the end of board meetings during the last year. She invited feedback on the new approach.

Margie provided details about preliminary 2010 year-end results and included results by utility.

Preliminary results by utility*

Utility	2010 Actual	2010 Budget	% of 2010 Stretch	2009 Actual	% Growth over 2009
PGE	24.96	27.14	92%	20.35	23%
Pacific Power	19.55	17.84	110%	11.97	63%
Cascade Natural Gas	366,596	473,347	77%	253,182	45%
NW Natural	4,208,263	4,325,847	97%	2,599,187	41%

*Includes market transformation/NEEA

Margie identified marketing and no and low-cost behavior change oriented activities that resulted in significant Q4 savings results. These included the Free Your Home campaign, promoting energy saver kits and residential energy saving actions. Other activity included replacing steam traps and HVAC tune-ups in schools in Cascade territory, lighting bonuses for common areas in multifamily buildings and a lighting bonus for upgrades from T12 to T8 lighting. The Path to Net Zero pilot is fully committed with some of the nation's more aggressive new buildings underway.

Margie showed a sample OPower letter, kicking off the residential behavioral change pilot, the first in the nation to combine both gas and electric heating customers from two utilities. She noted that call volumes reached a record high of 5,269 in January. Julie Hammond asked if the calls were related to recent utility rate increases. Though not specifically known, there has been a correlation in the past. Margie said she has learned the new IT system will be capable of tracking the correlation between marketing activity and other events such as rate increases with call volume and website visits. She noted several larger solar electric installations received incentives in January, two of which are Intel projects.

Margie's last slide referenced a handbook written by the International Energy Agency titled Energy Efficiency Governance, in which numerous positive references are made to Energy Trust. An electronic copy will be distributed.

Lastly, Margie referred to a briefing paper updating the board on the Integrated Solutions effort. Epicor assigned a new project manager, installed software onto the Energy Trust infrastructure, and began implementation of its signature methodology. She noted we are working with Hitachi Consulting on a business data structure review. Though we are well within budget, we are about one month behind on schedule. Debbie requested schedule and budget updates to be presented in writing which staff will gladly do going forward.

Jason asked about the status of the Secretary of State's performance audit. Margie said we have two audits underway currently, one with the Employment Division, which is continuing. The performance audit, conducted by the Secretary of State's office, has concluded an initial round of interviews and we expect to learn soon if we will be part of a deeper audit. Agencies administering other parts of the public purpose fund are also part of the same performance audit.

Margie asked for feedback on the format of this staff report. There was a general sense of satisfaction.

Debbie Kitchin asked about an item on page 7 of the Conservation Advisory Council notes. She is concerned about considering 50 percent of cost per home for upgrades to be outliers. Peter said we have asked CSG to do more analysis and reframe this. Peter said this will come back to the CAC.

Debbie suggested adding more information in the CAC notes regarding attribution, such as who is making presentations, asking and answering questions. She also suggested adding page numbers to the notes. Staff will provide this detail in future notes.

John Reynolds asked if Bob Repine would like to speak. Bob said ODOE will make its budget presentation to the legislature February 23 and 24. Yesterday was the first hearing on HB 2900, Rep. Bailey's bill that effectively reorganizes and redistributes ODOE responsibilities. The hearing was well attended. Three organizations testified. He characterized this as the very first stage of discussion.

Alan Meyer asked if ODOE receives general funds, Bob Repine said no. ODOE's funds primarily come from fees assessed to suppliers of power, application fees, loan fees, service fees and from federal programs. The tax credits are a byproduct of general funds and there is no clarity yet on whether BETC and RETC will sunset as now scheduled in 2012. The manufacturing tax credit was previously extended through 2014. The governor's office does not yet have a natural resources advisor.

Dan Enloe asked about components of the agency's $250 million budget. Bob said much of this represents SELP loans, ARRA funds and other resources. Fees represent a relatively small share. He offered to share a one-pager on the budget with the board.

Adjourn

Julie Hammond moved, and Debbie Kitchin seconded adjournment. The meeting adjourned at 2:55 pm.

***Next meeting*. The next regular meeting of the Energy Trust Board of Directors will be held Wednesday, March 30, 2011, 12:00 noon at the Energy Trust of Oregon, Inc., 851 SW Sixth Avenue, 12th Floor, Portland, Oregon.**

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John Reynolds, President