



Regular Meeting Minutes of the Board of Directors
2000 E. Horsetooth Road, Fort Collins, CO 80525
Thursday, February 22, 2018

ATTENDANCE

Board Members

Representing Estes Park: Mayor Todd Jirsa and Reuben Bergsten
Representing Fort Collins: Mayor Wade Troxell¹ and Mayor Pro Tem Gerry Horak
Representing Longmont: Mayor Brian Bagley² and Tom Roiniotis
Representing Loveland: Mayor Jacki Marsh and Joe Bernosky

Platte River Staff

Jason Frisbie (General Manager/CEO)
Joe Wilson (General Counsel)
Dave Smalley (Deputy GM and Chief Financial Officer)
Karin Hollohan (Chief Administrative Services Officer)
Andy Butcher (Chief Operating Officer)
Alyssa Clemsen Roberts (Chief Strategy Officer)
Angela Walsh (Executive Assistant)
Paul Davis (Customer Services Manager)
Shelley Nywall (Controller)
Wade Hancock (Financial Planning Manager)
Jeff Menard (Facilities and Fleet Supervisor)
Pat Connors (Vice President of Power Supply)
Andy Cofas (Plant Manager)
Steve Retterath (Facilities and Fleet Manager)
Justin Allar (Security Program Supervisor)
Heather Banks (Fuels and Water Manager)
Craig Johnson (Deputy General Counsel)

Guests

Tim McCollough (Fort Collins Utilities)
Kevin Gertig (Fort Collins Utilities)
Steve Adams (City of Loveland)
Will Welch (Wm T. Welch Company LLC)
Stuart Lumsden (Gleeds)
Alan Braslau (Fort Collins resident)
Ed Roth (LETA)
Carol Dollard (CSU)
Tom Milligan (CSU)
Susan McFadden (Fort Collins resident)

CALL TO ORDER

Chairman Roiniotis called the meeting to order at 9:00 a.m. A quorum of board members was

¹ Arrived at 9:02

² Arrived at 9:03

present and the meeting, having been duly convened, was ready to proceed with business. Chairman Roiniotis welcomed the newest board member, Joe Bernosky of Loveland, and Karin Hollohan, chief administrative services officer, introduced Steve Retterath, facilities and fleet manager.

ACTION ITEMS

(1) Consent Agenda

- a. Approval of the Regular Meeting Minutes of December 7, 2017**
- b. Incorporation into Record of Resolution 11-17 (2018 Board of Directors Regular Meeting Schedule)**
- c. Transfer of 2017 Capital Budget Carryover to 2018 Budget**

Director Horak moved to approve the Consent Agenda as presented. Director Jirsa seconded, and the motion carried 8-0.

PUBLIC COMMENT

Alan Braslau, Fort Collins resident, addressed the board regarding obtaining LEED certification and rooftop solar for the new HQ campus.

Sue McFadden, Fort Collins resident, also addressed the board regarding LEED certification for the new HQ campus.

Tom Milligan, Colorado State University, addressed the board regarding sustainability and renewable goals for the school and continuing the partnership with Platte River.

ANNUAL MEETING

(2) Platte River Power Authority Annual Meeting

a. Election of Officers

Chairman Roiniotis noted the present elected officers are:

- Tom Roiniotis, Chairman
- Reuben Bergsten, Vice Chairman
- Angela Walsh, Secretary
- David Smalley, Treasurer
- Jason Frisbie, General Manager/CEO

Chairman Roiniotis reminded the Directors that officers serve for one year and are elected by resolution. If the board receives multiple nominations for any office a vote will be called for each office separately. The Chairman also noted as set forth in the Annual Meeting memo, the Organic Contract requires that the Chair and Vice Chair be members of the board. These are the two positions for which nominations will be received. The Officer positions filled by management staff are traditionally retained and reaffirmed for purposes of meeting the requirements of the Organic Contract. The floor was opened for nominations.

Director Bergsten nominated Tom Roiniotis for the Chair. No other nominations were provided.

Chairman Roiniotis closed the nominations for the Chairman position and opened the nominations for Vice Chair. Director Jirsa nominated Reuben Bergsten. With no further nominations Chairman Roiniotis closed nominations for Vice Chair.

Chairman Roiniotis restated the elected officers for clarity; Tom Roiniotis for Chair, Reuben Bergsten for Vice Chair, and the staff members Angela Walsh for Secretary, David Smalley for Treasurer and Jason Frisbie for General Manager/CEO. Director Bernosky moved to approve Resolution No. 01-18, Annual Election of Officers as presented. Director Bagley seconded. Motion carried 8-0.

b. Annual Retirement Committee Appointments

Chairman Roiniotis stated the present Retirement Committee consists of the following members:

- Directors: Tom Roiniotis, Todd Jirsa, and Gerry Horak with a vacancy in Loveland
- Management: Jason Frisbie and David Smalley

For 2018, no changes are proposed for Management Members.

Chairman Roiniotis explained that the board needs to appoint four Directors and two management members to the committee and opened the floor for nominations. If there are more than four nominations a vote will be called for each of the individuals nominated. Chair Roiniotis mentioned that Joe Bernosky of Loveland was willing to serve on the Retirement Committee.

The present slate of committee members as listed above were nominated with the addition of Joe Bernosky by Director Bergsten to serve on the Retirement Committee in 2018. No other nominations were presented. Nominations were closed.

Chairman Roiniotis restated the nominated Retirement Committee members will consist of the four directors: Tom Roiniotis, Todd Jirsa, Gerry Horak, and Joe Bernosky, and the two management members: Jason Frisbie and David Smalley. Director Bergsten moved to approve Resolution No. 02-18, Annual Retirement Committee Appointments as presented. Director Jirsa seconded, and the motion carried 8-0.

Due to a previous time commitment, the Annual Meeting was interrupted to commemorate Director Steve Adams for the dedication and service to the Platte River Power Authority Board of Directors. The December board meeting was his last meeting to attend. Resolution No. 04-18, commemorating Mr. Adams passed unanimously, and gifts were presented.

c. 2016 Platte River Review

Jason Frisbie introduced the review section for the Annual Meeting, stating that this year senior management would review their individual department highlights for 2017.

- a. Andy Butcher, chief operating officer, presented the Operations review for 2017. Director Troxell commented on the uncontrollable loss of load in the spring of 2017. Mr. Butcher reiterated the efforts made in correcting that specific location with air spoilers on the transmission lines to help mitigate any further loss of load during storms. Director Bergsten commented on the successful year Platte River has had with adding renewables. Mr. Frisbie addressed the comment from Director Troxell and how staff evaluate the transmission systems and how the event in 2017 was a lessons-learned opportunity on different weather patterns.

- b. Dave Smalley, deputy GM and chief financial officer, presented the Financials in review for 2017. Director Bagley asked about how the net income increased when revenues were down. Mr. Smalley indicated that operating expenses were under budget – shown as a favorable variance within the report. Director Horak asked if the timing of start date of new positions are factored in the budget throughout the year. Mr. Smalley answered that new positions are budgeted with an estimated start date, however, turn-over is not factored into the budget.
- c. Karin Hollohan, chief administrative services officer, presented a review for corporate services for 2017 including safety and security, human resources, IT and technology advancements, and facilities including the HQ campus. Director Horak asked what criteria are used for retirement provisions within the statistics. Ms. Hollohan defined the two different criteria for the two retirement plans. Director Jirsa complimented the organization on the zero no-lost time accidents for 2017. He also asked if the risks associated with the industry are regularly addressed, and if there has been a decline in work place incidents over the years. Ms. Hollohan commented on the Active Release Technique piloted in 2017 and additional programs that will kick off in 2018. Mr. Frisbie highlighted the various upgrades to equipment and technologies installed over the years. It was also noted that Platte River has utilized consultants to help point out areas of improvement which has helped mitigate the risk of potential workplace accidents. Ms. Hollohan added that in a small organization spikes in statistics occur quickly because of the low number of personnel. Director Bagley suggested engaging insurers to assist with training and assessment instead of hiring additional consultants. Ms. Hollohan responded that Platte River has engaged Pinnacol for workers compensation insurance and others to help address injuries and accidents.
- d. Alyssa Clemsen Roberts, chief strategy officer, presented a review for communications and marketing for 2017. Director Troxell asked about representing the utilities versus representing the cities, and for Platte River to consider a more community approach and have a consistent representation. Director Bergsten commented on the recent changes in communication's focus with Platte River communicating with customers through consolidated services.
- e. Joe Wilson, general counsel, presented the accomplishments for the legal department and support provided to the divisions at Platte River for 2017. Director Bagley asked about selling Windy Gap units versus acquiring storage from Longmont. Mr. Wilson clarified that units entitle the owner of the units to water that is produced by the Windy Gap project and acquiring storage entitles the owner of storage in the Windy Gap Firming Project to store water for future use.
- f. Jason Frisbie presented overall, major accomplishments for 2017, as well as highlighting key areas of focus moving forward together with the four municipalities. Director Bagley asked about the 150MW wind purchase and if the extra 75MW offer is still valid. Mr. Frisbie responded that the offer is available until the end of 2018 and noted that further details will be provided in the Wind PPA presentation later in the agenda. Discussion continued among Directors and staff regarding the large commercial requests for renewable energy. Mr. Frisbie informed the board that Platte River staff will be working with a rates consultant to discuss renewable tariff options. Director Troxell complimented staff on incorporating other utility-owned loads such as the Rawhide Pump Station and is interested in the available load through utilities and Platte River as future opportunities. Mr. Frisbie commented that Platte River is looking at the whole system for additional opportunities.

Mr. Frisbie offered four main areas of high-level strategic directions for 2018. Director Troxell commented on his involvement with Gridwise Alliance and the advancements in grid modernization that could be incorporated into Platte River, and the grid modernization index for municipalities could be incorporated into Platte River for a systematic measurement indicator. Director Bernosky commented on the Large Public Power Council (LPPC) report featuring rate structuring and customer service and appreciated the report sent to him. Director Bergsten requested Platte River help with fiber and with the various entities wanting to utilize the Platte River owned fiber network and asked the board what their thoughts are regarding that option. Director Horak requested Platte River staff put together a whitepaper to help facilitate conversations among the board and asking the various entities that are requesting the fiber services. Continued discussion on fiber and how Platte River could help solve municipality requests. Mr. Frisbie reiterated staffs' commitment to focusing on the future of fiber and reassured that staff have been working on providing information for future board discussions consistent to Director Horak's request for a whitepaper to help facilitate future discussions. Discussions continued regarding fiber utilization.

Chairman Roiniotis closed the Annual Meeting portion of the agenda.

10:45 - 15 Minute Break

BOARD ACTION ITEMS

(3) Strategic Financial Plan (presenter: Wade Hancock)

Wade Hancock, financial planning manager, presented a summary of discussions during the December board meeting presentation, and reiterated the changes proposed to the Strategic Financial Plan (SFP). Staff recommended approval of the proposed changes to the SFP.

Director Horak asked about lowering the rate stabilization fund and if there were disadvantages to doing so. Mr. Hancock responded that by lowering the target you would see improved debt service coverage, however if you needed to increase it in the future, the disadvantage would be incurring the negative impact on financial results. Mr. Smalley reiterated what Mr. Hancock stated and also added that since you have already successfully gone through the negative financial impacts of raising the fund amount to current levels there is no advantage to lowering it at this time.

Director Bagley moved to approve Resolution 03-18: Strategic Financial Plan revisions as presented. Director Bergsten seconded. Director Horak asked whether the SFP should be an attachment to the resolution rather than a citation. Mr. Wilson responded that the resolution does not note the SFP as an attachment. The motion carried 8-0.

MANAGEMENT PRESENTATIONS

(4) HQ Campus (presenter: Karin Hollohan)

Ms. Hollohan handed out a Headquarters campus booklet containing historical information the board requested at the December board meeting, and referenced the memo provided on page 75 of the board packet outlining the addition of the microwave building construction to the overall project. Ms. Hollohan also noted the cash flow estimates and timelines will continue to evolve as final construction documents and cost projections are completed. Since those estimates continue

to be refined, a decision was made to not include the latest information on project cost within the 2018 budget. Alternatively, updated cost information has been provided to the board at monthly board meetings. Platte River is scheduled to host a second open house on March 28 that will provide construction activity schedules and feature final site plans for the project. Ms. Hollohan introduced the owner's representatives, Will Welch and Stuart Lumsden, who provided an update on the project to date. They covered topics such as milestone dates that have been completed, current processes and projected future dates. Director Marsh asked about the entry blockades within the plan. Mr. Welch responded that the exterior renderings will show the plan for the entry blockade placements. Director Horak asked how Platte River is recovering costs from entities that utilize the microwave building. Jeff Menard, headquarters campus project manager, responded that one entity has signed a lease agreement, and they are working on developing additional agreements. Director Horak asked what the plan is moving forward for the entities that lease space within the building to recover the cost of rebuilding. Ms. Hollohan commented that Craig Johnson, deputy general counsel, is working on the fair market value leases with a goal of acquiring revenue over the next few years from all entities using that space.

Mr. Welch and Mr. Lumsden presented the renderings for the exterior features to the new building. Director Troxell asked if there is landscaping planned for in-between the building and the pond. Mr. Welch and Mr. Lumsden responded that there is a sidewalk and other hard surfaces planned, not landscaping. Director Bagley asked if the design of the new building and the cost per square footage currently being presented will bring questions from the public. Staff responded that the owner's representatives, Mr. Welch and Mr. Lumsden, were brought on board to make sure the designers were building a building to fit Platte River's needs, not just build a "big, pretty building", and the increase in square footage is not only to accommodate the current staffing levels but also for future growth. Discussion ensued regarding the costs of a standard office building compared to this building housing control centers. Director Bergsten requested updated speaking points and Director Horak requested an update on features of the building that are driving costs.

Mr. Welch previewed what will be presented to the board at the March board meeting and a ground breaking in April. Director Horak asked about the LEED certification and why staff decided not to pursue a certification level. Ms. Hollohan noted that the design team has worked with entities within the local community to go through the LEED certification checklist and relied on the owner's representatives for direction. Mr. Welch commented that the last checklist was completed in May of 2017 and it was determined that the building design process did meet a minimum certification level, but the design team decided to not pursue the entire process for a LEED certification. Director Bergsten asked how much it would cost to pursue LEED certification. Mr. Welch responded that expenses would increase, and time would expand causing additional expenses. Mr. Lumsden noted that to go back with LEED certification would potentially change construction and design plans that will substantially add to costs. Further discussion ensued among Directors and staff on pursuing LEED certification. Director Troxell added that LEED is more of an envelope and not the energy. Mr. Welch commented that in his experience LEED is no longer in demand and that builders incorporate features that relate to LEED certification checklist items but do not pursue the certification. Director Troxell discussed advantages to LEED comparing the City of Fort Collins' building on LaPorte, saying that it has been an educational driver and asked staff for a cost benefit analysis. Ms. Hollohan noted that discussions within staff surrounding LEED certification occurred over a year ago, and at that time the decision was made to invest a similar level of funding into the building rather than invest in the certification process. Mr. Frisbie closed out the discussion by saying that staff will bring back a comparison of the existing design versus LEED certification levels along with the financial and schedule impacts associated with pursuing various levels of LEED certification.

(5) Wind PPA (Roundhouse Project)

(presenter: Pat Connors)

Pat Connors, vice president of power supply, provided an overview of the wind purchase power agreement (PPA). Director Troxell asked what size the turbines will be. Mr. Connors responded that Roundhouse has not yet finalized turbine size but expects it to be 2MW turbines. Director Bergsten asked if there is a need to be a part of the Southwest Power Pool (SPP) before we can move forward with purchasing the additional wind. Mr. Connors responded that Platte River probably won't know by the end of the year if a market is approved or not. Mr. Butcher added that it doesn't require us to be in the energy market to add more wind and Platte River will need to find areas to send the wind if an energy market does not happen. Discussion ensued regarding SPP and risks with adding more wind with or without SPP.

Mr. Connors concluded with the milestone dates within the PPA, pricing hadn't changed since last presented in December, and the next steps for the transmission lines from the project to Rawhide. Mr. Connors outlined the options for ownership of the transmission lines equaling about \$900,000 per mile of transmission lines, resulting in a reduction within the PPA price. Mr. Frisbie added that over the long term, purchasing the transmission line makes economic sense with future energy needs and the capability of adding additional resources to that transmission line. Mr. Connors stated that another provision in the contract is that output can be curtailed up to 40 hours per year and any curtailment above that amount we would be financially responsible for lost production. We also have the right of first offer if Enyo were to sell the site and they are not allowed to add more wind to the site without our approval.

Director Bergsten commented on adding optical path ground wire. Mr. Connors responded that staff is evaluating the incremental costs of adding it but it is not currently part of the PPA as it stands today. Director Bergsten asked how often SPP goes negative with their wind energy. Mr. Connors responded that this project is unique that when the output decreases, the load will decrease since our generation is tied directly to our load. Negative pricing tends to occur when there is a disconnect between generation and load. Mr. Butcher responded that because the project is so close to our load the price for generation and load should be very consistent and the 40 hours per calendar year each year of curtailment availability could be of value to Platte River. Discussion ensued among Directors and staff regarding how the four municipalities could help reduce the loads and help Platte River to not experience negative load costs.

MANAGEMENT REPORTS

(6) Energy Efficiency Program Year-End Results (2017) & Evaluation (2014-2016)

(presenter: Paul Davis)

Paul Davis, customer services manager, provided a summary of materials provided within the board packet providing a preview to a presentation at the March board meeting. Director Horak asked how Platte River and the municipalities are marketing this program. Director Bernosky agreed to increasing promotional efforts. Director Horak complimented the program results and agreed to bringing more attention to it. Chair Roiniotis commented that the cities also need to facilitate marketing. Discussion ensued regarding marketing and promotion within the four communities of the program.

MONTHLY INFORMATIONAL REPORTS

(7) Legal & Governmental Affairs Report (presenter: Joe Wilson)

Mr. Wilson highlighted a couple bills the legal department had been keeping track of; energy storage equipment allowing batteries in residential homes, and Rights of First Refusal for transmission owners bill. Mr. Wilson noted the completion of a Western Electric Coordinating Council (WECC) reliability audit onsite. Staff will provide a summary of results in the March board meeting packet.

(8) January Operating Report (presenter: Andy Butcher)

Mr. Butcher highlighted January as a mild month and it affected surplus sales and the wind was lower than expected. Mr. Butcher also noted a formatting change to the operating report for load and resource values previously provided in the financial report.

(9) January Financial Report (presenter: Dave Smalley)

Mr. Smalley also noted a change in the financial report including formatting updates and separating reporting schedules.

(10) General Management Report (presenter: Jason Frisbie)

Mr. Frisbie commented on a few items within the general management report, noting the conclusion of the 2017 financial audit and the results will be presented at the March board meeting. Mr. Frisbie noted the press release on the community solar RFP process and provided a status report on the recent Windy Gap storage transactions.

Chairman Roiniotis previewed the General Manager and General Counsel annual review process that will take place at the March board meeting and distributed a memo outlining the process and what to expect for the new board members.

Roundtable and Strategic Discussion Topics

Board members shared the latest news from the municipalities and discussion topics for future meetings.

ADJOURNMENT

With no further business, the meeting adjourned at 12:19 p.m. The next regular board meeting is scheduled for Thursday, March 29, at 9:00 a.m. in the Platte River Power Authority Board Room, 2000 East Horsetooth Road, Fort Collins, Colorado.

AS WITNESS, I have executed my name as Secretary and have affixed the corporate seal of the Platte River Power Authority this 29 day of March, 2018.


Secretary

