Draft Board Meeting Minutes – 87th Meeting

February 11, 2009

Board members present: Rick Applegate, Jason Eisdorfer, Dan Enloe, Roger Hamilton, Julie Hammond, Al Jubitz, Debbie Kitchin, John Klosterman, Alan Meyer, Preston Michie, and John Reynolds

By telephone conference: Caddy McKeown and John Savage, *ex officio*

Board members absent: Betty Merrill, *ex officio*

Staff attending: Matt Braman, Sarah Caster, Amber Cole, Tara Crookshank, Phil Degens, Diane Ferington, Fred Gordon, Hannah Hacker, Margie Harris, Jed Jorgensen, Nancy Klass, Steve Lacey, Sue Meyer Sample, Spencer Moersfelder, Kathleen Ortbal, Pati Presnail, Brien Sipes, Greg Stiles, John Volkman, Peter West

Others attending: Jeremy Anderson, WISE; Joe Barra, PGE; Clark Brockman, SERA Architects; Michael Brown, Sokol Blosser Winery; Lori Koho, OPUC; Tom Kovalak, CSG; Jan Schaeffer; Dennis Wilde, Gerding Edlen

Business Meeting

President John Reynolds called the meeting to order at 12:12 pm. He noted the strategic planning committee report will be moved to the next meeting. He will move up the policy committee report because Jason must leave early. Dan Enloe said he must leave early.

December 19, 2008 meeting minutes.

MOTION: Approve minutes from the December 19, 2008, meeting.

Moved by: Debbie Kitchin Seconded by: John Klosterman

Vote: In favor: 11 Abstained: 0

Opposed: 0

Adopted on February 11, 2009, by Energy Trust Board of Directors.

General Public Comments

There were none.

Sokol Blosser Vineyard

Alan Meyer joined the meeting.

Michael Brown, Direct Sales Manager, presented Sokol Blosser's sustainability efforts. He noted Sokol Blosser is one of the founding wineries in Oregon. The company is family owned and has been on the same property for almost 40 years. Sokol Blosser began sustainable practices before the term became commonplace. He referenced the company's 2008 sustainability report, the sixth in the series. He noted the report not only describes sustainability practices but also includes frustrations and barriers to being more sustainable. The wine barrel cellar achieved LEED certification, the first winery in the world to achieve this. A solar electric system, funded in part by Energy Trust, provides about a third of the winery's electricity needs. They hope to expand the system, seeking to generate 100% of energy needs on site.

Mr. Brown noted the company established a recycling program in Yamhill County for soft plastics. This year the market for the product fell off; Sokol Blosser is stockpiling the waste in hope of the market picking up. They have storage capacity for about a year.

Sokol Blosser is pursuing carbon neutrality, along with about 30 other wineries in Oregon that have joined the Governor's Carbon Neutral Challenge. The company has joined the Carbon Registry.

Sokol Blosser sends all of its managers through The Natural Step training, and applies The Natural Step to every decision the company makes. Not every choice is the most sustainable one, but sustainability is always a consideration and a goal.

Debbie Kitchin asked how customers in other parts of the country respond to the sustainability message. Michael said Sokol Blosser has a steady stream of visitors. He noted the distinction between "organic wine" and a fine wine like Sokol Blosser's made with organically grown grapes, and said he did not expect Sokol Blosser to heavily promote the organic message.

Roger Hamilton asked what effects of global warming have been noted by Sokol Blosser. Michael said thus far signs of warming, such as earlier springs, have been noted. The biggest peril to Sokol Blosser regards the possibility of needing to irrigate if weather patterns change. Michael said agriculture will feel the effects of climate change first. He noted people want to get out and walk in the vineyards; 30,000 people annually go through Sokol Blosser's tasting room. Sokol Blosser lets visitors know about its parallel mission of stewardship for the land it's on.

Alan Meyer urged other board members to tour the Sokol Blosser facility, as he has.

Rick Applegate asked about the cork vs plastic or screw tops. Michael noted the chemical used in washing the cork can taint the wine. He notes the percentage of tainting is going down, he thinks in response to competition. He said Sokol Blosser is invested in natural cork. He noted screw caps are made out of virgin aluminum; they cannot easily be recycled. The seal is a petroleum product. He noted several other stopper products that aren't as effective as either cork or screw tops.

Dan Enloe asked about Sokol Blosser's recent land purchase, which includes a riparian area that cannot be put into production. Michael said the company plans to acquire more land that's contiguous to their property. It will happen only if and when some land comes on the market.

Al Jubitz wondered what the net gain and loss from cutting forests and trees for planting grapes. Michael said he does not have an answer. The company is trying to figure out what kind of carbon sink the vineyards represent. Sokol Blosser's largest contribution to greenhouse gases comes from shipping wine and visitors driving to the winery. Al said he has two tall cedar trees blocking his solar panels at home and wonders whether to cut them down.

Michael noted he sold the green tags from his solar installation and now is in the position of having to buy renewable energy credits.

Margie Harris asked if there is an opportunity to jointly create an educational display focusing on the solar system and efficiency features. Michael said Sokol Blosser is working on a walking tour map, with signs at certain features. He is open to working with Energy Trust on this.

John Reynolds and Margie thanked Michael.

Committee Reports

Board Nominating Committee. Rick Applegate said the nominating committee recommends re-electing the current slate of officers and reappointing the four board members whose terms are expiring. He noted there is a vacancy on the board that needs to be filled. The committee is looking at individuals outside the Portland metropolitan area, and those who might bring diversity to the board.

Resolution 502

RESOLUTION 502
ELECTING RICK APPLEGATE, JASON EISDORFER, JULIE HAMMOND AND CADDY MCKEOWN TO NEW TERMS ON THE ENERGY TRUST BOARD OF DIRECTORS

WHEREAS:

1. **The terms of incumbent board members Rick Applegate, Jason Eisdorfer, Julie Hammond and Caddy McKeown expire in 2009.**
2. **The board nominating committee has recommended that these four members' terms be renewed.**

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

1. **Elects Rick Applegate, Jason Eisdorfer, Julie Hammond and Caddy McKeown incumbent board members, to new terms of office that begin in 2009 and end in 2012;**
2. **Requests the nominating committee to explore candidates to fill the vacancy left by Vickie Liskey who retired in September 2008.**

Moved by: Alan Meyer Seconded by: Roger Hamilton

Vote: In favor: 12 Abstained: 0

Opposed: 0

Adopted on February 11, 2009, by Energy Trust Board of Directors.

Resolution 503

RESOLUTION 503
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 serve as officers for 2009:**

    - **John Reynolds, President**
    - **Rick Applegate, Vice President**
    - **Debbie Kitchin, 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 2009:**

    - **John Reynolds, President**
    - **Rick Applegate, Vice President**
    - **Debbie Kitchin, Secretary**
    - **John Klosterman, Treasurer**

Moved by: Jason Eisdorfer Seconded by: Dan Enloe

Vote: 12 in favor 0 abstained

Opposed: 0

Adopted on February 11, 2009, by Energy Trust Board of Directors.

Rick Applegate left the meeting at 1:00 pm.

Policy Committee. Jason Eisdorfer referred to minutes of the policy committee's January 20 meeting in the packet. He introduced John Volkman, who reviewed data transfer rules governing information transfers to and from utilities. John said about a year ago Energy Trust

staff raised questions about ways to streamline the procedures. He developed a draft proposal that has been shared with utilities and the OPUC.

John noted current rules require utilities to allow smaller users (less than one average megawatt) to opt out of having customer data transferred to Energy Trust. Large users must opt in for their data to be made available to Energy Trust. He noted the rules preclude Energy Trust from directly marketing to utility customers. Energy Trust's own confidentiality policy, adopted by the board, precludes Energy Trust from sharing certain information. We may provide limited information on commercial and industrial customers to the OPUC and the legislature, but not to utilities. He noted that the data coming to us from utilities is missing about a fifth to a third of the customer load, complicating our planning and evaluation process. He said that without knowing who all the large users are, it is hard to be certain we are not serving these entities with SB 838 funds, as required by SB 838.

Because we do not receive comprehensive information from all utilities, we are also less able to be responsive to new customers. John said we would like to be able to contact prospective customers, which is not possible under current rules.

John said our proposed new data sharing approach removes limitations on utility and Energy Trust data sharing. We would like to apply the utility data to use direct mail and reach more deeply into markets, but not to initiate customer contact by phone. Also, our draft proposal includes some administrative efficiencies regarding how we gather confidentiality agreements from our contractors and subcontractors.

The current proposal received review by utilities, CAC and others and comments solicited. The next step is to see whether OPUC is satisfied that this proposal can enter a rulemaking process.

Jason noted this issue has been a topic of discussion since the start of Energy Trust. He explained there were a lot of sensitivities when Energy Trust started up. Time has shown that Energy Trust can reliably manage confidential data. This procedure enables us to take the next step. John said the OPUC has the draft proposal. Lori Koho said the draft rule is currently at the Attorney General's office.

Dan Enloe said he applauds the effort. He said he has not seen the specific data elements that we want to transfer. He suggests a matrix with the data elements we would share back and forth for each entity. John said the draft proposal does this for the information we are asking for from the utilities. He knows PGE would like to include items of information they would like from Energy Trust.

Alan Meyer said he is sure there will be some industrial customers who will not like this proposal. Steve Lacey said the information would not be distributed in the marketplace. It would be used by our program management contractors, who sign confidentiality agreements with Energy Trust.

Joe Barra, PGE, said if customer credit information is shared, the liability comes back to the utility. He said PGE will ask Energy Trust to assume this liability for any monetary and other damage control that needs to happen. He said PGE will ask for symmetry in sharing.

Margie asked John Volkman to comment on the liability considerations. John thinks PGE's expectation is reasonable. He said Energy Trust has about as good insurance as it can for this

type of coverage. He discussed confidentiality protection steps. He said Energy Trust would also ask PGE to indemnify Energy Trust were PGE to leak information.

Joe added PGE also will ask for provisions requiring close coordination in marketing outreach.

Audit Committee
Julie Hammond introduced Roy Abramowitz and Allison Elliott from Perkins & Co., Energy Trust accountants, who reviewed new requirements of IRS Form 990. One purpose for the changes is IRS mandates from Congress about transparency. New sections ask questions never seen before. These are public documents, and anyone who wants to can have access to this data. There are several questions about compliance with other requirements, such as providing W2 forms to employees, giving notice to funding donors, etc. He said while a lot of the questions are not statutory, expectations are boiling down to best practices. The bar has been set high and is getting increasingly higher for the nonprofit community. He said reasonable efforts must be made to get the information. Some information is difficult to obtain. IRS has said in its instructions that as long as the organization uses reasonable effort to obtain the information (i.e., handing out the questionnaire and trying to get it back), the organization is not required to demand the information requested on the forms to be produced.

Roy said new questions address these topics:

- Governing body, management and policies
- Disclosure practices
- Compensation of “interested persons” – including current and former officers, directors, trustees, key employees and substantial contributors
- Disclosure of family and business relationships with “interested persons”
- Disclosure of family and business relationships within the organization
- Distinguish voting board members and independent voting board members
- Describe voting and decisionmaking procedures
- Providing form 990 to board for review – describe process or lack thereof
- Is the organization consistently monitoring a conflict of interest policy
- Whistleblower policy; document retention and destruction policy
- Key employee compensation review and approval process
- Public disclosure and inspection process – tax returns, government documents

Julie asked if there is a place where one can look at the 990 form. Roy answered yes. She asked if the public can access them. Roy and Allison said they are accessible on Guidestar and in other locations.

Alan asked if the new rules govern all charitable organizations, including religious organizations. Roy said some religious organizations are not required to file 990s. Right now only larger nonprofits are required to file the more comprehensive form -- $1 million in revenue and $2.5 million in assets. Allison noted the rules apply to public organizations, not private foundations.

Allison noted the form asks the same question over and over in different areas, with sometimes different thresholds. She reviewed some of the questions and rules for answering them. She said the organization will get lists of all board members, key employees, and Energy Trust’s five largest contractors. Sue said Energy Trust will ask for an extension for filing the form until August. She will have the audit committee review the forms.

Jason Eisdorfer left the meeting at 1:50 pm.

Finance Committee. John Klosterman noted the balance sheet shows unspent incentives for the year to date. Alan Meyer said when he sees available funds growing, while people need efficiency and renewables, we need to do something.
Program Evaluation Committee. Debbie Kitchin noted at the last meeting board members asked for more information on the 2008 Oregon Residential Awareness and Perception Study; the executive summary and staff report are included in the packet. Julie said she found the study very interesting and hopes we are pulling valuable information out of it. She said her own experience suggests more people are aware of Energy Trust than when she began. Preston Michie asked how stable we think the findings are given the state of the economy. Phil Degens said we plan to field the survey again in March 2009.

Julie asked how the survey is conducted. Phil said we select a population-based sample of single family owners and single family/multifamily renters, in four geographic regions. We will add a strata of young adults to assure we get representative results. It was a telephone survey.

John Reynolds said he feels uncomfortable about recommendation number one, to prioritize reaching the "comfortably established" segment, as it offers the greatest potential for savings. He knows Energy Trust has been criticized for providing support to those who can afford it. Other board members noted most of this segment is located in greater Portland. Alan Meyer said he thinks we need to find a channel to reach folks who do not read newspapers or listen to OPB. Julie noted the report states 30% of respondents familiar with Energy Trust got their information from bill stuffers. Dan said the avenue to reach renters is through their landlords; he would like to see programs that link landlord benefits and renter benefits. Debbie said there are multifamily programs, and multifamily owners find the improvements useful in attracting and retaining renters. Julie noted of the limited number of choices available to "strugglers" (renters), many are behavioral and require education. Al said he has mentored struggling families living in apartments that are "not up to snuff." Alan said with new housing starts severely depressed, we may have more funds that could be shifted to serve this market. Margie noted our initiative to serve the 60-80% of poverty rate population, along with federal stimulus money for low-income housing. Preston said we have to keep the contractors in business to be able to deliver services. Debbie said landlords are distressed by late payments and defaults.

President's Report

John Reynolds showed pictures from the Rough & Ready co-gen project that opened in 2008. He, Caddy and Caddy's husband participated in the dedication of the event. He noted this is one of the three biomass cogeneration project we've helped, and is the most significant – the smallest, most remote and one of the more difficult to arrange for interconnection.

This Friday the City of Albany hydroelectric project will be celebrated. The Santiam canal comes all the way from Lebanon, under I-5 and empties into the Calapooia River, over a 35-foot drop.

John also congratulated Spencer Moersfelder, who received the Energy Manager of the Year award from the Oregon Association of Professional Energy Managers.

Resolution 505

RESOLUTION 505
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
	Alexis Dow, Metro
	Jason Eisdorfer
	Caddy McKeown
	Preston Michie
	John Reynolds (ex officio)
Board Nominating Committee	
	Rick Applegate, Chair
	Alan Meyer
	Preston Michie
	John Reynolds (ex officio)

Compensation Committee *(formerly 401(k) Committee)*	
	John Klosterman, Chair
	Al Jubitz
	Preston Michie
	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
	John Reynolds (ex officio)
Program Evaluation Committee	
	Debbie Kitchin, Chair
	Dan Enloe
	Alan Meyer
	John Reynolds (ex officio)
Strategic Planning Committee *(formerly Innovation Task Force)*	
	Rick Applegate, Chair
	Jason Eisdorfer
	Al Jubitz
	Lori Koho, OPUC
	Betty Merrill, ODOE
	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: Preston Michie

Vote: 10 In favor: 0 Abstained: o

Adopted on February 11, 2009, by Energy Trust Board of Directors.

Energy Efficiency

Margie introduced Fred Gordon, who in turn introduced Stephanie Fleming and Claire Fulenwider from the Northwest Energy Efficiency Alliance (NEEA). Fred apologized for the

substitute resolution handed out to the board, and explained that staff was trying to move quickly to address a time-sensitive opportunity. He noted the opportunity grew out of the ACEEE summer study last August, when he learned that Pacific Gas and Electric (PG&E) was developing a program to provide incentives to national manufacturers and chain stores for efficient electronic equipment for homes and businesses. After staff had investigated teaming with PG&E they concluded that NEEA was the appropriate entity to carry out this work in our region. This was because they could represent a large number of program providers, minimizing the number of interactions for the national retailers and manufacturers. The resolution authorizes moving $500,000 from unspent 2008 funds into the 2009 budget to fund NEEA's work on this initiative. BPA, Seattle City Light, Puget Sound, EWEB, Cowlitz, Idaho Power, Snohomish add to a total of 10-12 utilities, plus Energy Trust, who are actively interested, as is the Northeast Energy Efficiency Project, a regional group similar to NEEA. Stephanie sees this growing into a national effort.

John Savage, by telephone, asked what the bulk of the funds will go toward. Fred said about half of the funds will go toward large retailers to raise the percentage of efficient televisions they promote and sell. Stephanie described how the other half will be used to market, manage, and track savings. She said New England will likely be joining California if we do. John asked what is the total regional budget; Stephanie said $2.5 million. Dan thinks it's great to work regionally and nationally. He thinks computer monitors are also big offenders and a recycling program may be needed. Stephanie said Best Buy wants to establish a recycling program for televisions and other electronic products.

Claire said if more money is contributed than needed, NEEA would reduce the amount from some of the early funders. Roger asked if NEEA has considered the impact of the troubled economy on spending.

Resolution 506 Authorizing an Efficient Electronic Equipment Program

RESOLUTION 506
AUTHORIZING AND FUNDING AN EFFICIENT ELECTRONICS PROGRAM

WHEREAS:

1. **PG&E of California has begun a program that will provide incentives to national manufacturers and chain stores for efficient electronic equipment for homes and businesses and PG&E intends the program to be a platform for others across the nation to join.**

2. **Energy Trust staff has explored the program with PG&E and believes it could be a valuable initiative, projected in 2009 to save roughly 2.2 million annual kWh, avoid 1,600 annual tons of carbon emissions, and secure an estimated .5 MW in peak savings, and achieve efficiency in products that are otherwise difficult to reach. The benefits are expected to be significantly greater after 2009.**

3. **The Northwest Energy Efficiency Alliance (NEEA) is the appropriate entity to carry out this work, and is prepared to do it if other funders approve additional funding.**

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

1. **Authorizes a new Electric Efficiency Electronics program;**

2. **Authorizes movement of up to $500,000 from unexpended 2008 funds to the 2009 budget for a 2009 Electric Efficiency Electronics program; and**

3. **Authorizes the executive director to amend Energy Trust's contract with the Northwest Energy Efficiency Alliance to include this work.**

Moved by: Jule Hammond Seconded by: Al Jubitz

Vote: In favor: 9 Abstained: Preston Michie (abstained because he is a contractor for BPA, which is helping fund the program)

Opposed: 0

Adopted on February 11, 2009, by Energy Trust Board of Directors.

Adding Energy Trust to BPA's list of entities approved to receive conservation program funding contributions. Margie introduced this subject. There is a Memorandum of Understanding (MOU) between Energy Trust and BPA to support our work in BPA public utility territories that overlap with natural gas utility customers we serve. She introduced Greg Stiles and Mike Rose of BPA. Greg said our territory overlaps with municipal electric utilities and rural coops. We know we get a steady stream of these folks calling in and asking to participate in our programs and we have to refer them back to public utilities and BPA. The MOU solves that. Though no money is exchanged between BPA and Energy Trust, the MOU sets up Energy Trust to deliver services for those public utilities in Oregon who choose to have Energy Trust provide electric efficiency services to their customers. PUDs would be required to pay us up front, and we would draw down as we implemented programs in their service territory. The first program to be ready for this opportunity is food service and lodging.

Mike said BPA is excited about this. The MOU lets BPA and Energy Trust work together to address mutual problems.

Julie asked how the savings are reported to the other utilities. Greg said our IT system is set up to quantify results and attribute the savings. Alan Meyer supports doing this. His only concern is that we don't neglect spending the funds we get from 1149. Margie paraphrased John Savage: "Don't forget your primary purpose is to focus on the IOUs." John Reynolds is very pleased with this initiative. Julie said she is open to this. She asked if we're prepared to address other sectors. Greg said yes. Julie asked if the end game is to have these public utilities, like Cascade, decide to have Energy Trust offer all its programs. Greg said that is beyond the scope of this MOU.

Dan asked if we will be offering the very same measures and incentives to the publics as we provide for PGE and Pacific Power customers. Greg said yes. Debbie asked how likely it is that the BPA customers will want to tap Energy Trust residential programs. Mike said BPA's customer utilities differ greatly – for instance some serve only irrigators, others have residential customers. John Klosterman asked what is the possible downside. Greg said this opens us up to having more stakeholder utilities involved with Energy Trust. John Savage, by phone, said that one of the selling points for him is that this move will help Energy Trust better serve its gas customers. Margie noted the MOU helps us reach out and diversify our trade ally base. She

acknowledged Tara Crookshank for working on the contracting end of this initiative. Alan Meyer asked how we will assess our charges back to the PUDs; Greg said our charge will be based on the incentives with an adder for administrative costs.

Rick Applegate returned to the meeting at 3:15 pm.

Energy efficiency resource assessment Fred Gordon introduced Matt Braman, who reviewed his work over the past year updating the resource assessment – a projection of how much energy efficiency is available in our area. This work started with:

- Updating utility data
- Updating baseline, high efficiency specifications and costs
- Added benefit/cost ratios
- Addressed emerging technologies

Some of the new measures included:

- Home energy monitors
- Refrigerator recycling
- Minisplit heat pumps
- New ENERGY STAR homes
- Heat pump water heater
- Low power mode appliances
- High efficient gas water heaters

Summarized resource potential results:

- Residential electric: 99 aMW potential 2008-2027 (32 PGE, 67 Pacific Power)
- Residential gas: 97 million annual therms (76 NW Natural, 21 Cascade)
- Commercial electric: 270 aMW potential (179 PGE, 123 Pacific Power)
- Commercial gas: 40 million annual therms (38 NW Natural, 2 Cascade)
- Industrial electric: 305 aMW potential (223 PGE, 82 Pacific Power)
- Small Industrial gas: 15 (all NW Natural)
- Total 651 aMW of technical potential screened at $0.095/kWh levelized cost.

Board members questioned assumptions underlying the results. Fred said the results are conservative.

Matt reviewed other slides showing the smaller share of electric savings in the residential market (12%) compared to commercial (42%) and industrial (46%).

Alan Meyer asked Matt to address the large difference between technical and achievable industrial savings. Matt said measures that were new and untested received low achievability scores. Fred said the industrial curve is probably the least predictable of all of them. He reviewed several slides that were not included in the packet (slides 14-17).

John Savage asked what changes we would make to our current programs based on these results. Fred said that the supply curves show that there is a significant gap for home and business electronics, and that we need to find a way to provide more efficiency for the semiconductor industry. He noted that emerging residential technologies could almost double the savings potential. Matt said he was surprised at the relatively smaller residential electric potential.

Staff Report

Feature presentation: Margie introduced Dennis Wilde from Gerding Edlen and Clark Brockman from SERA Architects, who presented an overview of the Living Building Initiative (LBI). She wants at the end of the discussion for the board to advise her on whether and how to continue participating with the Living Building Initiative. She noted our current office space lease expires in three years. We have a continuum of choices to make, from leasing space in a building like our current one to renting space in a green building to being part of a cutting edge new building such as the one to be described today. Clark said he is chair of the Cascadia Green Building Council, which issued the Living Building Challenge. Dennis is on that organization's board. Together they are proposing as the developer team to design and build a living building.

Clark presented information answering the question why we should be interested in living buildings, describing the fact that, nationally, buildings create more greenhouse gas than other sectors such as the transportation and industrial sectors. Dennis said all of Gerding Edlen's projects are LEED certified, most of them going for gold or platinum. Gold buildings are coming in cost neutral. Living buildings will go considerably farther than LEED Platinum and carry a higher cost premium.

The Living Building Challenge has 16 prerequisites. The approach is different from LEED, which bases its rating on points for design features. The Living Building must operate for at least a year before it can be judged to meet the requirements. Clark reviewed quickly the 16 prerequisites of the Living Building Challenge:

- Responsible site design
- Limits to growth (not on undeveloped land)
- Habitat exchange (devote a piece of land equal to your site to preserve for perpetuity)
- Net zero water (got grant from Bullitt foundation to analyze code compatibility with net zero water)
- Sustainable water discharge
- Net zero energy (65% better than code before adding renewables)
- Materials red-list (12 chemicals that are permitted but shouldn't be used)
- Construction carbon footprint
- Responsible industry (FSC or reclaimed wood)
- Materials service radius
- Civilized work environment (operable windows)
- Healthy air source control
- Healthy air ventilation
- Beauty and inspiration
- Inspiration and education
- Healthy air / ventilation

Dan Enloe left the meeting at 3:45 pm.

Alan asked why FSC and not SFI (Sustainable Forestry Initiative). Clark said Cascadia concluded the former is more verifiable. Alan noted there is more product locally available certified as SFI.

Clark said a draft analysis of Living Building incremental costs for buildings of different sizes, based on national data, will come out next week. He said the high rise building will cost about 16% more than LEED gold and have a 15 year payback. Dennis said the biggest challenge facing whoever gets selected to design and build this project will be to bring costs down to affordability for the prospective owners/tenants. He thinks the payback can be driven down to 2 years. He thinks the way to get there is to figure out how to design and build more simply, and eliminate the "gee whiz" factor. He thinks the OSHU Center for Health & Healing is way too complex. If we can figure out how to simplify and achieve affordable zero net commercial buildings, we can take that knowledge across the planet. We absolutely have to be able to do this. Clark said he totally agrees with Dennis. The renewable system could be done by a third party, for instance.

Clark noted the cost study does not include new incentives he thinks are coming for net zero buildings. He reviewed some other lessons learned thus far in his work on the Living Buildings Challenge.

He reported Portland Development Commission has issued an RFP for a feasibility study for the Living Building on the Jasmine site at PSU, SW Montgomery & 4th. Proposals are due February 18. Four teams are expected to submit proposals, including Clark/Dennis' team. The selected team will have 90 days to conduct the study. Clark noted there is an item in the Governor's budget for bond support for a Living Building as part of the Oregon University System. The design process is being fast-tracked to position the building to receive federal stimulus money, should some be made available.

Sue Meyer Sample has been attending Living Building Initiative meetings and representing Energy Trust. She named groups involved prospectively as owners/tenants. They include, in addition to Energy Trust:

- Community Health Partners
- The Bus Project
- Audubon Society
- Friends of the Columbia Gorge
- 100 Friends of Oregon
- League of Conservation Voters Education Fund
- Conservation Services Group
- Green Building Services
- Oregon Environmental Council
- Earth Advantage
- Oregon University System

This group envisions fundraising $20-$40 million and will issue an RFP from fundraising organizations. Energy Trust is being asked to contribute $12,500 now toward fundraising activities, with a potential additional $37,500 if the selected fundraising consultant demonstrates fundraising to be an effective strategy. Rick asked if a contribution toward fundraising is a legitimate use of Energy Trust funds; John Volkman thinks it would be. Sue said the fundraising would reduce the overall net rent. Sue said Oregon University System would own the building and lease the space, giving tenants the option to purchase after perhaps 10 years.

Margie noted PDC is donating the land. Dennis said the land is worth $4.5-5 million. Clark noted there would be no energy costs, a savings of about $1.50-$2.50/sf per year.

Margie said she talked to John Savage about this. He told her he thought there could be some room for some percentage over a base lease costs.

Sue noted Energy Trust would potentially occupy roughly 25% of the LBI space.

Rick asked what analytical steps we would take next. Margie said assuming the board concurs, we would invest the $12,500 in fundraising, we would complete the feasibility study and obtain a financial proforma, by late spring. By that time we would know the fate of the $80 million bond measure in the state budget and the availability of stimulus monies and have the fundraising feasibility results to consider.

Preston Michie left the meeting at 4:15 pm.

Roger asked if the building design would/should anticipate Portland shifting to summer peaking rather than winter peaking in light of climate change effects by mid-century? Clark said the Living Building standard is framed by current climate. In a way Roger is looking toward the next level of challenge, which would be to create a restorative building that goes beyond sustainable.

Alan says this venture feels like it's on the bleeding edge, away from our mission. Debbie said at this point we are paying for an option now. We're spending very little money now to explore that option a little more. She shares Alan's concerns if the cost/benefits were not to support commitment. We should clearly have the option to step back later. Sue said the only thing we have at risk now is the first $12,500.

Al said this has been one of the best presentations he's seen in a long time. He noted there is no resolution for board action. Margie said at this nominal dollar amount board approval is not required but she wanted a sense of the board before moving forward. Al noted he doesn't have enough information now to commit. Rick said he thinks what we have now is the opportunity to get the information we need to make a decision. He thinks it is good Margie brought the matter to the board now. Al asked who is in the lead. Dennis said initially he and Clark would have said they were in the lead. Clark said that when the city came forward to offer donated land, and the Oregon University System offered to bond the funds, it made sense to have a public process. Whoever is selected as developer later in February will lead the effort to bring the building to fruition.

John Reynolds said he thinks this represents an unprecedented opportunity, and that our investment of $12,500 is modest for what potentially is at stake. If we don't do this, who would? We can back out later if information shows it is a bad idea. Alan said he is concerned about going in this direction. Julie asked whether the building is sized appropriately. Caddy said she is comfortable with this action. She has been part of a couple of nonprofit organizations who have hired fundraisers to raise large amounts of money. Julie said she is comfortable and is pleased to be able to get enough information to look over the edge, whether or not it is bleeding. Debbie concurred.

Alan Meyer left the meeting at 4:50 pm.

Sue said the group of nonprofits has formed their own nonprofit called Living Building Initiative. They have asked Energy Trust to serve as the fiscal agent for that group. There were no concerns expressed.

Al asked whether there was consideration in siting the building as to accessibility to affordable housing for the building's occupants. Dennis said transportation access to housing mix and ancillary services available to the occupants of the building were all given due consideration. The Jasmine site has MAX on both sides and a streetcar running through it, and is the densest location in the city in terms of bus access. There are some affordable housing units in the immediate vicinity. They also looked at what opportunities for district strategies exist. The proximity to Portland State offered some special opportunities for district heating and other measures.

Year-end update. Margie said she had good news: 33.3 aMW of new renewable energy generation, the majority of which is from our final utility scale project, Goodnoe Hills. On the efficiency side, we had a best case stretch goal of 35 aMW; we achieved 96 percent of this goal. Fifty percent of efficiency savings came in during the last quarter of the year. The only program that came in less than we'd hoped was New Homes & Products. Overall electric savings were achieved at a levelized cost of $1.9 cents/kWh. On the gas side, we got 56 percent of savings in the last quarter, and exceeded stretch goals by 14%. She noted we spent into our gas reserves $2.3 million more than we had thought. Because we start 2009 with $2.3 million less gas funding available, we will closely monitor gas spending through the year. Should it be necessary to increase gas funding, we would come back to the board. We are approaching NW Natural now to see what opportunities might exist for increasing the gas public purpose charge should that become necessary.

Margie said she will send the board comments from staff on the Northwest Energy Efficiency Task Force (NEET) recommendations and on the Northwest Energy Efficiency Alliance business plan. She said she expects the amount Energy Trust will be asked to fund the Alliance to increase beginning in 2010; she will bring this back to the board at the appropriate time.

The organization design team has started to meet and Peter West, now Director of Energy Programs and Steve Lacey, now Director of Operations are in their new roles.

Al asked for an update on incentive changes discussed with the CAC. Steve said we will present a revised proposal to the CAC next week, which takes into consideration their comments about the down economy affecting their livelihoods as well as our need to maintain program funding. Al noted there are other things the contractors can sell, such as comfort zones. Debbie said this was not eligible for an incentive because of high cost. Fred said we haven't focused a lot of attention on it. It is more effective in a big home, especially one with a lot of empty rooms.

Adjourn

The meeting adjourned at 5:15 pm.

Next meeting. The next regular meeting of the Energy Trust Board of Directors will be held Wednesday, April 1, 2009, 12:00 noon at the Energy Trust of Oregon, Inc., 851 SW Sixth Avenue, 12th Floor, Portland, Oregon.