

Board Meeting Minutes—119th Meeting

April 3, 2013

Board members present: Rick Applegate (*by phone*), Julie Brandis (*by phone*), Ken Canon, Annie Donnelly, Dan Enloe (*by phone*), Roger Hamilton, Mark Kendall, Jeff King, Debbie Kitchin, Alan Meyer, John Reynolds, Anne Root (*by phone*), Dave Slavensky, Lisa Schwartz (ODOE ex officio), John Savage (OPUC ex officio, *by phone*)

Staff attending: Margie Harris, Ana Morel, Hannah Hacker, Debbie Menashe, Amber Cole, Steve Lacey, Peter West, Cheryle Easton, Sue Meyer Sample, Elizabeth Fox, Pati Presnail, Alison Ebbott, Michelle Spampinato, Fred Gordon, Scott Clark, Phil Degens, Kevin Havice, Steven Jonas, Karl Whinnery, Wendy Bredemeyer, Adonna Lucas, Jessica Rose, Thad Roth

Others attending: Juliet Johnson (OPUC, *by phone*), Jim Abrahamson (Cascade Natural Gas), Don Jones, Jr. (Pacific Power), Lauren Shapton (Portland General Electric), Bob Stull (PECI), Diane Henkals (Diane Henkals Attorney at Law), Lynn Kingston (Moss Adams), Ashley Osten (Moss Adams)

Business Meeting

President John Reynolds called the meeting to order at 12:15 p.m.

General Public Comments

There were none.

Consent Agenda

*The consent agenda may be approved by a single motion, second and vote of the board.
Any item on the consent agenda will be moved to the regular agenda upon the request from any member of the board.*

MOTION: Approve consent agenda

Consent agenda includes:

- 1) February 20 board meeting minutes
- 2) Amend a contract with Navigant (R665)

RESOLUTION 665 AUTHORIZING THE EXECUTIVE DIRECTOR TO AMEND A CONTRACT WITH NAVIGANT CONSULTING

WHEREAS:

1. In December 2011, Navigant Consulting was awarded the contract to conduct an impact evaluation for Energy Trust's Production Efficiency Program, years 2009-2011. The original contract was approved with a budget of \$490,000 and approved and signed by Energy Trust's executive director consistent with Energy Trust's board policy on contract signing authority.
2. To complete the impact evaluation with additional site visitations and complete analysis, Energy Trust staff recommends an additional \$58,000 of contract budget.
3. The additional budget will bring the total contract amount to \$548,000, which exceeds the executive director's signature authority and requires board of directors' approval.

It is therefore RESOLVED that the Board of Directors of Energy Trust of Oregon, Inc., hereby authorizes the executive director to sign an amendment to the current contract with Navigant to increase its contract budget by up to \$58,000.

Moved by: Alan Meyer

Seconded by: Ken Canon

Vote: In favor: 12

Abstained: 0

Opposed: 0

President's Report

John Reynolds presented on a public building aiming at net-zero energy use. Governor Kitzhaber's 10-Year Energy Action Plan calls for an "energy conservation and efficiency innovation laboratory" to be administered by the Oregon Department of Energy. One example of such an innovation is Lane Community College's Downtown Campus building, a classroom building with attached housing just dedicated in Eugene. In addition to the Eugene Water and Electric Board's support, Energy Trust provided the project, served by NW Natural, with approximately \$15,000 in installation and technical assistance incentives for the water heating system. The building is on track for Leadership in Energy and Environmental® Platinum certification. Energy-saving features include daylighting, natural ventilation, solar water heating, groundwater heating and cooling, and rainwater harvesting. Eventually, the aim for the building is net zero. A large portion of the roof area is reserved for more solar electric panels to help the building approach net-zero energy production.

John showed a bar chart displaying the energy consumption of a typical academic building, a code compliant academic building and a net zero energy ready building. The "other" category of energy use stayed similar across the three building types and largely represents behavior-related energy consumption.

Lisa Schwartz joined the meeting at 12:22 p.m.

John showed an image of natural ventilation to illustrate air intake, air exhaust and daylighting strategies. The intake mechanisms are both automatic and manually operated. The cooling cycle is automated.

A chart overlaid modeled energy consumption with three options for solar electric output: existing generation from a 16-kilowatt system, average generation from a 330-kilowatt system and maximum generation from a 587-kilowatt system. To achieve net zero energy performance, the building needs additional solar generation, beyond the existing efficiency features and 16-kilowatt solar electric system. John clarified the building only has a small amount of solar electric installed, seen as the bottom red line of the Modeled Energy Performance chart. Lane Community College is waiting for solar panel prices to decline further before investing in more panels.

John cited the presentation's sources, and listed the project architects, and mechanical and electrical engineers. Lane Community Colleges Energy Management Program is funded in part by Eugene Water & Electric Board and was one of the first in the country.

Photos showed the various energy features, how to operate a transom providing natural ventilation and a series of architectural drawings.

Mark: How many square feet and how many housing units are in the building?

John: I am not sure the size or the housing unit number. It is impressive the housing units are available in downtown Eugene and a community college is providing the housing.

Dave: To add more solar, will architectural changes need to be made?

John: Not likely, as the panels do not add a lot of weight.

Dave: What is the failure rate on solar systems and is it the panel or the module that fails?

John: I am not sure but I have not heard of many failing.

Ken: It does depend on whether the whole solar system is on one inverter or portions are on mini inverters.

Mark: It is as common as your cell phone failing.

John concluded his presentation.

John introduced Resolution 663, 2013 board committee assignments, for board vote.

RESOLUTION 663 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 new directors to serve on the following committees.

It is therefore RESOLVED:

1. This resolution supersedes Resolution 636A, adopted by the board at its August 22, 2012, meeting.
2. 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	
	Ken Canon, Chair
	Julie Brandis
	Shirley Cyr, CEWO
	Annie Donnelly
	Dave Slavensky
	John Reynolds (ex officio)
Board Nominating Committee	
	Alan Meyer, Chair
	Rick Applegate
	Roger Hamilton
	Anne Root
	John Savage, OPUC (ex officio)
	John Reynolds (ex officio)

Compensation Committee <i>(formerly 401(k) Committee)</i>	
	Dan Enloe, Chair
	Annie Donnelly
	Mark Kendall
	Jeff King
	John Reynolds (ex officio)
Executive Director Review Committee	
	Roger Hamilton, Chair
	Julie Brandis
	Annie Donnelly
	Jeff King
	John Reynolds (ex officio)
Finance Committee	
	Dan Enloe, Chair
	Debbie Kitchin
	Anne Root
	Dave Slavensky
	John Reynolds (ex officio)
Policy Committee	
	Roger Hamilton, Chair
	Rick Applegate
	Ken Canon
	Alan Meyer
	John Reynolds (ex officio)
Program Evaluation Committee	
	Debbie Kitchin, Chair
	Tom Eckman, NWPCC
	Ken Keating, expert outside reviewer
	Mark Kendall
	Alan Meyer
	Anne Root
	Dave Slavensky
	John Reynolds (ex officio)
Strategic Planning Committee	
	Rick Applegate, Chair
	Julie Brandis
	Ken Canon
	Mark Kendall
	Jeff King
	Lisa Schwartz, ODOE
	John Savage, OPUC
	John Reynolds (ex officio)

3. 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: Dave Slavensky

Vote: In favor: 12

Abstained: 0

Opposed: 0

Dan Enloe joined the meeting by phone at 1:45pm.

Audit Committee

Ken Canon presented on Resolution 664, acceptance of Energy Trust's audited financial report. Last year, Energy Trust competitively selected Moss Adams as the independent auditor. Previously, Perkins & Company had conducted the independent audit. The Audit Committee includes Ken (chair), Julie, Annie, Dave, John (ex officio) and Shirley Cyr of Clean Energy Works Oregon in an advisory capacity.

Ken said the Audit Committee started meeting with Moss Adams in August 2012 and the transition from Perkins to Moss Adams has been a smooth one. Before commencing, the audit process waits for the annual financials to be completed each year. The audit is now complete and Moss Adams is here to present its findings.

Ken said all board members take their responsibilities seriously and this audit is a very important part of the process. It is also indicative that Energy Trust just completed this audit while the Oregon legislature is considering a bill to have the Department of Administrative Services conduct an annual audit of the organization. It is very important for any business to be audited and especially so for Energy Trust.

Ken introduced Lynn Kingston and Ashley Osten from Moss Adams.

Lynn thanked the board for the opportunity to present their findings. She said it is their first year of completing an audit with Energy Trust and it went very smoothly, more so than any other first-year audit they have done. Lynn appreciated Perkins' cooperativeness during the transition.

Ashley: The audit opinion is the only statement that is directly from Moss Adams. After completing the audit, Moss Adams' gave Energy Trust an unmodified opinion for its financial statements. The only change is that the opinion went from an "unqualified opinion" to an "unmodified opinion", which merely reflects a change in the language adopted by the governing body for financial statement auditors. It was intended to more clearly state what is within the auditor's scope to judge. The term "unmodified" replaces the term "unqualified" which was previously in use.

Lynn described the audit process. Moss Adams met with the Audit Committee prior to the audit to discuss the process. The audit was then planned, and there were no changes in the scope or plan once the process got underway. Moss Adams reviewed Energy Trust's internal controls, looking at how the organization safeguards assets, which is very important to Energy Trust. Then, the auditors completed the required audit procedures, including testing procedures, interviewing staff and seeking external views. Management Team and staff were very well prepared for the audit. It is rare to have such a smooth first year audit. Lynn said she enjoyed working with Energy Trust and looks forward to next year's audit.

Alan: What is the difference between an unmodified and unqualified opinion?

Lynn: There is no real difference. The meaning is exactly the same. There are some additional required headings in the report and other than that it is exactly the same.

Mark: Are there any other categories of opinion?

Lynn: There is a modified opinion, which would highlight any issues in the audit that need to be fixed. And there is a "going concern" opinion. The whole point is to alert the reader to any issues that need to be addressed. Also, when we looked at your internal controls, which are the controls over the assets of the organization, there were no significant deficiencies.

Mark: Your review looked at any manner of policies, such as the way we manage our budget as well as just the accounting?

Lynn: We look at the policies as they relate to financial information, policies on controls, custody of assets, etc.

Ashley: Also fixed assets, investments, and anything that would affect the financial statements.

Lynn: And the whistleblower policies.

Sue MS: They also reviewed the allocation plans to make sure they are reasonable.

Margie: Did you review the IT systems, too?

Lynn: Yes, as part of audit. This is because most clients are dependent on their IT systems to produce financial statements. We provided a couple of recommendations that were not significant. It is important to point out that on a first review, having only these small items is a "kudos" moment for you. We do look at IT every year as part of the audit.

Ken: One of the things we asked Moss Adams to do as their first audit was to give us advice on how to sharpen procedures. They gave us four minor suggestions.

Sue MS: Two of the suggestions are designed to address risks from our use of an outsourced contracting model. The first suggestion is to obtain a copy of the audited financial statements from each Program Management Contractor, PMC, if their business is audited. The second suggestion is to require PMCs to provide certification from the CFO and CEO level attesting the information they provided for the Energy Trust audit was accurate. Moss Adams staff are currently working on specific language for that. Third, in addition to continuing the current practice of reviewing all transactions more than \$20,000 prior to issuing a check, Moss Adams suggested selecting an additional, random sample of transactions for further auditing. And fourth, Moss Adams has a software system that tests for duplicate payments. The software is expensive and we are doing some verification with the tools we have available, including Excel. Duplicate payments do occur and you have filter to make sure they are legitimate.

Energy Trust staff appreciated the suggestions and indicated that we are in the process of implementing procedures to address them.

Ken: Next year, we will work with Sue and Moss Adams to come up with additional processes and procedures to test so we can challenge ourselves. To give you an idea of how much activity there is and how many transactions Energy Trust is involved in, over the last four to five years there were between 70,000-71,000 checks cut. There is a tremendous volume that goes through Energy Trust and it is a credit to the staff to prepare for this audit and for their continuous financial work.

Ken called for Sue to recognize the Energy Trust staff largely involved in the audit:

- Pati Presnail, controller, sets the stage for the consistency and accuracy of processes and procedures; she co-manages the audit field work when the auditors are at the office and ensures documentation is completed accurately and on time.

- Michelle Spampinato and Alison Ebbott are responsible for consolidation of information and production of monthly financial statements and reconciliation of account balances. Michelle also co-manages the audit fieldwork with Pati.
- Cheryl Gibson conducts the internal audit to make sure we are following procedures.
- Wendy Bredemeyer prepares all accounts payable checks and helps enforce policies and procedures
- Diana Rockholm conducts check audits to make sure names and addresses are complete and reasonable.
- Adonna Lucas is a finance systems analyst and helps us find the data to analyze and review.
- Greg Stokes ensures hiring practices and employee procedures are in alignment.
- The legal team: Debbie Menashe, Tara Crookshank, Brigid Gormley and John Volkman make sure our contracts are tight and well-documented, meaningful in scope and cognizant of the source of funds being used to do our work.
- Debbie also does double duty as our human resources legal expert.
- IT, including Scott Clark, Karl Whinnery and Nell Werner, manage IT resources and processes while maintaining a strong control perspective.
- Operations analysts Steven Jonas, Kevin Havice and Christian Conkle are the front line of the program team, helping us process all the incentives and making sure all the supporting documents are in place
- Sector leads Diane Ferington, Oliver Kesting, Kim Crossman, Thad Roth and energy programs director Peter West help set the tone with Program Management Contractors and Program Delivery Contractors for our expectations for high quality, accuracy and responsiveness in our work.
- And of course, Margie and the rest of the Management Team, set the right tone at the top to ensure that we can be transparent and ethical in our practices.

Margie: And Peter also helps set the right tone to make sure internal controls are important to the organization. It does take a village to obtain a clean audit opinion.

Ken: It is very important to understand that there is a lot involved to make sure we run efficiently.

The board gave the staff members a round of applause.

Margie: I'd also like to thank you to the Audit Committee, which provides an arms distance oversight in cooperation with the auditors. It is good to have people committed. Thank you, Ken, for your chair role and the rest of the Audit Committee members.

Margie announced that Sue Meyer Sample will be retiring at the end of June, after nearly 10 years working at Energy Trust. Her husband is also retiring and there are some nice plans for traveling. Margie said everyone is grateful for Sue's continued service. Since audits began, we have a 100% track record of unqualified audits every year, including the nine completed under Sue's tenure.

The board thanked Sue.

Sue: I have been so proud and blessed to work with such an intelligent group of people who are motivated to do the right thing for Oregon and Washington. I love my job and I love Energy Trust. I do not think I have worked for a better organization. I know Margie will find the right replacement.

**RESOLUTION 664
ACCEPTANCE OF AUDITED FINANCIAL REPORT**

BE IT RESOLVED: That Energy Trust of Oregon, Inc., Board of Directors accepts the audited financial statement report, including an unmodified opinion, submitted by Moss Adams LLP for the calendar year ended December 31, 2012.

Moved by: Ken Canon

Seconded by: Roger Hamilton

Vote: In favor: 13

Abstained: 0

Opposed: 0

Committee Reports

Evaluation Committee (Debbie Kitchen)

Debbie presented on the recent activity of the Evaluation Committee. Today's board packet includes the minutes from the most recent, February 20 meeting. The meeting included review of the Existing Buildings process evaluation, Existing Buildings impact evaluation and Multifamily process evaluation. The value of these evaluations is to check in on programs, either through a process or impact evaluation, as they go along. Often by the time we are reviewing evaluations at the committee, the program managers already received earlier drafts and are taking action to respond to items we learn from the evaluations. Evaluations are done every year to make sure our numbers are good, and we are approaching the market as it evolves and responding to changes. It is valuable that we get this information and it is so dynamic that by the time we are reviewing it they are already responding to it. The programs seem to be doing a very good job and getting lots of activity. They are dealing with different approaches and doing it in an active learning environment.

John: I am always struck by the acronym forest. Please note in the board packet appendix, the glossary on acronyms and definitions. This is especially useful for newer board members.

Debbie: Please be sure to ask questions on any acronyms or energy terms. Those of us that have been here for a while forget that it is not always transparent for everyone.

Alan: I was impressed by how extensive the glossary is.

Margie: It is ongoing and we will add other terms identified before the packet is complete prior to each board meeting.

John: The Evaluation Committee is also one of the most time intensive committees.

Debbie: The next meeting is May 8. The next board meeting has a utility roundtable so the next evaluation meeting had to move from the usual Wednesday morning time slot. [Note: the next Evaluation Committee meeting was moved to May 3.]

Mark: I have been a member of the Evaluation Committee since September. I am thoroughly impressed with the national standard of practice that is set by our Evaluation staff and the qualifications of the contractor selection. There is a rigor and detail at an extremely nuanced level given to each evaluation I have looked at. It is a sophisticated program. Others look to these process and impact evaluations on our website as a standard. I know this as a part of my national work.

Phil: I do waffle back and forth between too much and too little detail on the evaluation committee notes. Is this a satisfactory amount of detail?

Debbie: It is a valuable resource for board members to hear issues discussed and findings. The amount of detail in the notes is good.

Ken: Agreed.

John reminded board members to return their Conflict of Interest forms, which are needed to prepare the 990.

Policy Committee (Roger Hamilton)

Roger said the last Policy Committee meeting included a presentation by Elaine Prause on Energy Trust's approach to financing. This may be an agenda item for the June workshop and staff is already preparing for the discussion. Energy Trust encourages financing for energy-efficiency projects, and has explored options already, including product development and co-branding efforts with Umpqua Bank, the creation of lender allies, on-bill repayment strategies through Clean Energy Works Oregon and Energy Efficiency and Sustainable Technology Act (EEAST) legislation. Financing efforts with lending institutions also provide outreach opportunities through lender branches located throughout the state. In addition, Multnomah County is piloting a Property Assessed Clean Energy effort. Financing efforts thus far have been developed in connection with specific program offerings. Staff's current work is to identify an overall organizational approach for financing. There are some questions on whether financing provides any greater potential to further Energy Trust goals than current program offerings. Staff is anticipating a scoping exercise to define effective financing opportunities, target markets and metrics to evaluate efforts. Staff will prepare a three to five year vision for the May board meeting and then further discussions could occur at the June workshop.

Debbie: To me, financing is similar to incentives and all the things we do; it addresses barriers to energy efficiency. Incentives help address that barrier of first cost. I see financing as another tool that addresses barriers and helps us achieve results. I like that we are taking a comprehensive look. It is an important part of achieving cost-effective energy efficiency.

Annie: I endorse that financing can be used as an outreach strategy. The more you can integrate into everyone's daily, normal life, the more the program is seen as the norm. And then the more you can advance the program overall.

Roger continued the Policy Committee report out and suggested Debbie Menashe deliver her legislative update at this time instead of later in the meeting.

Debbie M: As a reminder, Energy Trust does not advocate for any specific legislation. We do monitor relevant bills as much as we can. There are well over 30 bills we are monitoring. Some of them have changes since the last update I gave to the board and they have been the subject of discussions at work sessions or in public hearings or are lying dormant. By April 18, bills must have work sessions scheduled. We will report back to the board in mid-April with more information.

Debbie M continued. HB 2801 has seen a lot of activity. When requested, Energy Trust provided information to the House Energy and Environment Committee and the OPUC. In its original form, HB 2801 was one piece of whole house energy-efficiency retrofitting. Since the bill was introduced, two provisions have been added on energy performance scoring and real estate appraisals that recognize the energy-efficiency value of a building. Energy Trust was engaged by the OPUC and the House Energy and Environment Committee to provide program information and technical knowledge on

whole building retrofit provisions. Oliver Kesting is active on that part of the bill. On the energy performance score (EPS) provision, the bill requires the Construction Contractors Board, CCB, to establish an endorsement for residential contractors to permit them to deliver an EPS. It is still considered a voluntary provision and there is language in the bill that we are monitoring. Matt Braman is actively engaged in work sessions on that part of the bill.

Mark: Is there budget associated with it or a standard expected to be met?

Debbie M: I have not seen a budget, at least in the current drafts of the bill.

Debbie M continued: The final provision of bill is the appraisal side. Energy Trust has not been engaged on this. The provision would require the appraisal and licensure board to set up standards for incorporating the value of energy efficiency into appraisals.

Debbie: From my past experience in other areas, the Construction Contractors Board imposes a fee if a contractor pursues a certification. They do this with lead based paint.

Debbie M: There is one draft where I saw a \$100 fee for the endorsement. We are monitoring a couple of other legislative proposals, particularly HB 3066 and SB 427 that would affect the public purpose charge. No hearings or work sessions have been scheduled. There is, however, one bill that would affect Energy Trust that has proceeded and has been given a hearing, SB 807. This bill would require an additional level of assessment by an individual third party appointed by Oregon Department of Administrative Services and paid for by the OPUC. It would require an annual assessment as condition of the OPUC's grant agreement with the non-governmental entity identified by SB 1149, currently Energy Trust. The listing of what would be assessed is largely covered in our annual financial audit and other required public reports. The OPUC has been in touch with the Senate Committee on Business and Transportation and the Committee Chair, Senator Lee Beyer. The hearing set for yesterday was postponed to April 4 because other agenda items went long. Other organizations, like the Citizens' Utility Board of Oregon, that understand our processes will be at the hearing. We will be monitoring this closely.

Annie: Does this anticipate having a third party separately assess Energy Trust beyond current audits or does it draw from currently provided information?

Debbie M: The third party would be responsible for the report, and the information would be provided by Energy Trust.

Debbie: Is the rule still in place that Energy Trust is required to complete a management audit every five years?

Margie: Yes, it is part of our contract with the OPUC.

Debbie: This bill is in addition?

Debbie M: It is our understanding it is in addition.

Margie: We also have a report to the legislature that is a requirement. A third party is hired by the OPUC to do this. The report goes to the legislature every other year during their full sessions. This bill is on top of that as well.

Debbie M: There is also a carbon tax report bill, SB 537, we are monitoring from a general interest perspective. The actual carbon tax bills have not yet moved forward. SB 537 would require the Oregon Department of Energy to convene a working group to study a carbon tax. There are rumors

that it is likely to go forward and no hearing has been scheduled yet. A similar bill was recently signed in Washington.

Lisa: If a bill is not scheduled for a hearing by Monday, April 8, it dies. And by April 18 the bill must have had a working session.

Roger: The next item at the last Policy Committee meeting was a review of the OPUC performance measures for Energy Trust. The metrics are a (minimum) threshold and are different from board goals. The 2013 performance measures are on page 3 of tab 6.

Margie: Every year the OPUC revisits and sets minimum performance standards for Energy Trust. Over time, they have become stricter as funding and goals have grown. The metrics are part of the OPUC's oversight role. In 2012, there was no renewable energy performance metric. Instead, we worked closely with the OPUC to come up with a way to assess and measure Energy Trust's contribution to the renewable energy field. The need for new metrics stemmed from reductions in the Oregon Business Energy Tax Credit for renewable energy. Also, there was the Renewable Portfolio Standard and changes in the marketplace due to low cost natural gas. In 2012, we reached agreement with the OPUC and determined the best way to characterize our contribution to the renewable market and to measure it. The other 2013 metrics are largely the same.

Margie said the renewable energy metric measures how we provide development assistance to someone contemplating renewable energy technologies. It is recognition that one of the best ways we support the market is through development assistance. We still have an average megawatt goal for net metered projects. In the past, our 3 average megawatt metric was computed on a three-year rolling average. The new metric looks at generation annually. We also have a cost allocation for per average megawatt hour, aMWh, which is new. It's \$40/aMWh for any non-solar project. It is calling out any non-solar projects, which are typically larger scale.

Dave: What is the reason for limiting the cost of those non-solar projects?

Margie: To ensure we are getting reasonable rates of return on investments.

John: And it is a rolling average.

Peter: It is an average. We can go above as long as we meet the average. We look at it as something equivalent to the levelized cost metric on the energy-efficiency side. We were looking for parallel measurements between efficiency and renewable energy.

Margie: The last piece of the renewable energy metric is what criteria we consider when looking at solar projects that are not net metered. These 2013 performance measures were adopted by the OPUC.

Juliet Johnson: We worked closely with Energy Trust on developing the renewable energy metrics. Last year, we did not have one. This year, since there are so many different projects out there, we feel this is a good start at how to prioritize ratepayer dollars, ensuring a systematic approach. The first one is important, using development assistance to remove barriers, such as permits for small wind and other activities that have a lot of leverage. Plus, there is the importance for net metered projects. This is a great place to start, and we will revisit these year by year. We appreciate the coordination with Elaine Prause, Peter West and Thad Roth.

Dave: Someone locally in my area was looking at the feed-in tariff program. Where do I learn more?

Margie: The feed-in tariff is an option for the two electric utilities to sign up over the course of a year, there is open enrollment period, and it is first come, first served for a maximum amount of capacity. The approach is used primarily in Europe, and has been used in Oregon for about two years.

Lisa: There is good information on the OPUC website. For larger systems, it is competitive rather than first come, first served.

John: The major difference is you get paid as you produce versus getting paid up front.

Ken: The other alternative is getting incentives from the Oregon Department of Energy, Energy Trust and the federal government. It is a net metered system and completely different. From the consumer's point of view, it is great to have options.

Mark: And the feed-in tariff is not in addition to Energy Trust incentives. It is either or.

Roger: The Policy Committee is empowered to approve staff nominations for Conservation Advisory Council and Renewable Energy Advisory Council members. This reminds me that all board members are encouraged to attend these meetings, which are highly substantive. Recently, we approved Karen Horkitz who oversees the market transformation program at the Northwest Energy Efficiency Alliance as a new member of the Conservation Advisory Council.

Roger said the last committee meeting also reviewed the additional funding for Navigant Consulting, which the board approved today.

Ken: Was the additional funding needed so they could do more interviews?

Margie: Yes, a higher number of interviews at an overall lower cost.

Roger also said the Lucid small hydro project has submitted a new application. The project is proposed to be located where a Portland water main is being rerouted by the Water Bureau, and the project installation is proposed to coincide.

Margie: We will have a decision made shortly regarding their updated application.

Finance Committee and Compensation Committee (Dan Enloe)

Dan Enloe, presenting for the Finance Committee, directed the board to tab 5, page 1, the "December 2012" column to "Change from Beginning of Year" column. \$9 million has been spent of the cash reserves, a good thing as we paid out a lot of incentives in December. Continuing the theme of what is going on with ending cash, on page 3, comparing the End of 2011 "Ending Cash" line to the End of 2012, we went from \$20 million to \$11.5 million. This is also good as we have less cash not being utilized. On page 4, ending cash for 2013 is generally lower than we have been historically. One comment on this is some of these months get pretty low, like September, October and November. We might give a heads up to the bankers that we might use the line of credit in 2013 depending on what activity looks like, though it is hard to accurately predict.

On page 5, it shows the total revenue was lower than the budget for the year and expenses were low as well. And we still delivered great results. Graphs on page 10 show preliminary data on the end-of-year summary. We finished very strong in 2012 and December was much greater than in historic years.

Dan called out the incentive graph; there was good spending on incentives in December, his favorite type of spending as you get the most average megawatts per dollar. We did a good job of getting

output for the money. We put a lot of projects out in the community and we have a good plan going forward for 2013.

Margie: We do have reserves we would tap in first order before accessing the line of credit.

Margie called out that we took in less revenue than expected, approximately \$10 million, and spent less so the preliminary higher volume results are at less cost.

Alan: I looked at current assets in January and they were \$63 million but in February we were back up to \$75 million. A piece of this is because of changing contractors but it looks like we have \$75 million we need to invest.

Margie: That figure does not show committed or dedicated funds. Also we are in conversations with the utilities, and have a meeting with the OPUC, related to reserves, projection of budget, how we characterize savings and the terminology we use.

Mark: On the commitment charts on the last page, what is the source of outsourced commitments for 2013?

Sue: We track commitments in FastTrack and base them on the estimated payment date to avoid any duplication.

Sue directed the board to the page behind the blue page on tab 5: Notes on February 2013 Financial Statements. The document summarizes the data in the financial statements. She said Energy Trust is underspent compared with where we want to be. We pushed through a lot of incentives in March to catch up with the rest of the quarter.

Dave: I read it as the new program management contractors, PMCs, are getting up to speed on how to process the incentives.

Sue: Yes.

The board said the additional notes were helpful.

Dave: Each month there is a contract status report. It shows if there are some things that started later than they anticipated. What are the things that keep us moving forward?

Sue: At the beginning of year we are focused on closing out the prior year. We do produce a contract summary report identifying major status variances and expected resolution for the Finance Committee at the end of each quarter.

Dan: You also put the city where the contractor is headquartered so in our conversations in communities and with community leaders we would have that data available. The great majority of spending is in Oregon and the Northwest. There are a few contractors in other cities but they have very specific expertise. For the most part, we are spending this money locally.

Dan, presenting for the Compensation Committee, said there is a lot of going on in the 401k and compensation philosophy space. The committee will update its charter and will be prepared to come to the board next time. In general, funds are performing well and we are updating and making sure employees are aware of their choices. We are considering some philosophy changes to encourage higher participation in the 401k plan.

The board took a break at 1:46 p.m. and resumed at 1:56 p.m.

Staff Report

Sue completed her acknowledgements of the staff involved in the annual financial audit. She thanked Cheryle Easton and Elizabeth Fox who both work diligently to help us maintain good internal controls. Elizabeth provides conference and travel arrangements within our guidelines, and Cheryle oversees general procurement practices utilizing best practices. The board applauded Cheryle and Elizabeth for their contributions.

Executive Director Staff Report to the Board

Margie delivered her staff report to the board. One recent program participant is Childsworld Learning Center in southeast Portland. The nonprofit early childhood education schools conducted an energy audit of its 50-year-old building, and then worked with local trade ally Christensen Electric to install T8s and occupancy sensors. Childsworld received a \$15,600 Energy Trust incentive, lowered operating costs, and achieved annual savings of 88,000 kilowatt hours and \$7,300 on their utility bills.

Energy Trust has been a sponsor of the Better Living Show for the past few years. The show occurs each spring, and is a free opportunity at the Portland Expo Center for people to learn about sustainability. We were a prime sponsor for a number of years and now have a central booth location with interactive displays, including an insulation display. The show provides opportunities to have one-on-one conversations with our customers. The booth primarily provides information on residential offerings. The display is mobile, and can be taken out on the road. The booth was staffed by 26 program management contractor staff and nine Energy Trust staff volunteering their time over the three-day period. It is a nice team building experience, and helps Energy Trust grow awareness among customers. Visitors are encouraged to sign up for a Home Energy Review or to take steps for appliance upgrades like refrigerator recycling or lighting improvements. We also collect referrals to trade allies and deliver consumer workshops.

Ken: How would you compare attendance this year to previous years?

Margie: I do not have the count yet but typically it is in the 10,000 to 20,000 range.

Amber: Anecdotally, attendance looks to be down. We are eager to get the final count and to anticipate how we will participate in the future.

Debbie: A lot of retail shows are down in attendance and I think it is because people are getting their information from the internet. The Better Living Show is a very well-run show but in general, it is getting harder to get people to attend. My company right now is not attending any.

Margie: And Energy Trust is having experiences with call volume going down while web visits are going up.

Margie described an upcoming refrigerator recycling promotion. Starting May 1, those who participate in this recycling offer can elect to donate their \$40 incentive to the Oregon Food Bank. The Food Bank then distributes the money where it is needed across the state. We will evaluate this approach and see if there are other similar opportunities to pursue. The result per incentive is energy savings for the individual and 120 meals for people in need. This is testing a social consciousness method.

Ken: When does it end?

Margie: It runs in May and June. Then we will evaluate before looking at expanding to other organizations.

Margie said this was a coordinated effort between the Oregon Food Bank and Energy Trust, including residential team members Matt Braman, Susan Jamison, plus Legal, Finance and Portland Energy Conservation, Inc., PEI.

Margie said Energy Trust has a monthly electronic newsletter and blog, Synergy, which was recently picked up by national industry media. Energy Manager Today featured a blog posting on our Quarter 4 results. Also, Portland-based EarthTechling and the national group Alliance to Save Energy picked it up. Margie showed the blog on the website. This is a way we are using our e-communications to reach markets.

Amber: Hannah Hacker and Sloan Schang developed the blog and deserve our thanks.

Margie: We have been working hard for several months with our utility partners since the data sharing agreements were put in place. In March, we started the cycle of notifying customers who can elect not to have Energy Trust contact them. We have had very few elect not to be contacted, approximately 1,500 so far, which is less than we predicted and only a few are businesses. The IT group is working on the data exchange, which will start May 1. The data sharing gives us access to information that we will use for marketing and evaluation purposes.

The Oregon Business Magazine recently released its 100 Best Companies to Work for in Oregon survey results and two program delivery contractors, PDCs, were ranked. Evergreen Consulting ranked 8th out of 34 small businesses surveyed and Cascade Energy ranked 15th out of 33 medium businesses surveyed. Research Into Action, which completes some of Energy Trust evaluations, was ranked 29th in the small business category. Plus, the magazine ranked Energy Trust among the top 100 green companies to work for in Oregon and we will be notified of the actual standing in May.

Margie pointed out that John Reynolds was featured in a *Wall Street Journal* March 15 article on courtyards. Margie read aloud John's quote in the article. John has also authored a book called *Courtyards: Aesthetic, Social and Thermal Delight*.

Margie thanked Debbie Kitchin, who was featured in the Portland Business Journal for her re-election to the board as vice chair. Sending press releases on board nominations to local media was a new tactic this year and has proven fruitful so far.

The Energy Trust office is a demonstration site and on occasion, we offer tours, around one to two per quarter. Recently, there were 25 seven to eight year olds and six teachers from Emerson School. Margie shared some of the thank you notes from the students.

Margie gave an update on the Integrated Solutions Implementation Project, ISIP. Every quarter, the board receives a status report on the major investment of upgrading and changing the data systems used to interact with customers, track projects and complete finance tracking and transactions. Last year, staff worked on Phase 1. A planning exercise in 2011 led to implementation in 2012 of five key areas:

- Data modeling, used for reporting and analysis
- Process analysis, for efficiency gains and easier access and use of data
- Great Plains financial system upgrade
- Microsoft Dynamics Customer Relationship Management, CRM, implementation, which helps gather customer information and provides account management.

All are in place and were completed on time last year as Phase 1.

Ken: How are they working?

Margie: They are working well. There is more to be done on each of these areas, especially on CRM, and forecasting and budgeting. Data modeling and process analysis are foundational pieces, the building blocks for Phase 2 and project tracking. We also have a Business Intelligence component on how we define measures, enter data and extract data. This is used for developing our quarterly and annual reports.

Amber: The CRM user interface is also much improved over the old one. Staff and program management contractor staff use it more because of the ease.

Margie described Phase 2 of ISIP. It starts in June because the current focus for IT is on data sharing. When the board approved the 2013 budget, \$1.7 million was approved for Phase 2. Some of those funds will roll over into next year as we will not finish implementation of Phase 2 in this calendar year, largely due to the implementation of the data sharing. Phase 2 is a much broader analysis. It looks at the heart of our system, FastTrack, our project tracking system used extensively by programs, program management contractor staff and program delivery contractor staff. This is where they enter information on where activity is occurring, right down to individual measures. It is also where we get our factual data on the status of projects, what they are saving, and what they are costing. We will be analyzing what is the architecture available to us that would replace that system and we will be building or buying that system. Phase 2 is the priority for the second half of the year. Implementation is expected to start in 2014. We are also fanning out capabilities of our Microsoft Dynamics Customer Relationship Management, CRM. This functionality will be used once data sharing is kicked off. All our projects, including CRM, are being prioritized and we restarted the IT Steering Committee to help oversee the activity. I also meet with Scott weekly to make sure implementation is going well.

Margie described a lighting upgrade at a 5,000 square foot building in Central Point. The building is owned by a retired CPA, Alvin Woody, who made the decision to upgrade the lighting based on the strong data. One positive is the ability for this project to include de-lamping. Margie also described projects completed by Oregon Iron Works, a metal and steel fabricator. The company first started working with Energy Trust on energy-efficiency projects, and has saved more than over 1 million kilowatt hours, and annual utility bill savings of \$63,400. The company then went on to install a 30-kilowatt ground-mounted solar electric system.

Adjourn

The meeting adjourned at 2:27 p.m.

Next meeting: The next regular meeting of the Energy Trust Board of Directors will be held Wednesday, May 22, 2013, at 12:15 p.m. at Energy Trust of Oregon, Inc., 421 SW Oak Street, Suite 300, Portland, Oregon.

/S/ Alan Meyer
Alan Meyer, Secretary