

American Public Power Association  
Summary of June 2018 Board Meeting

- The American Public Power Association held its June 16, 2018 Board meeting in New Orleans, Louisiana, in conjunction with the 2018 National Conference. The Conference, held at the Hilton New Orleans Riverside, was well attended, attracting approximately 1,450 attendees from across the country. The conference addressed a wide variety of topics of interest to the membership, including general sessions on the state and future of public power, the current political environment, megatrends impacting the electric utility industry and cybersecurity. There were approximately 40 breakout sessions covering a plethora of topics, including pole attachments, sell-out threats, new generation resources, cybersecurity, electrification, employee compensation, blockchain, western market developments, and federal legislative developments. Attendees also met with vendors in the Public Power Expo, and with industry from around the country. The meeting closed with a breakfast session, where out-going Board Chair Wally Haase turned over the gavel to in-coming Board Chair Coleman Smoak; both provided remarks to the group. Finally, Joe Theismann sent attendees home with some shared wisdom gleaned from his storied sports career.
- The Association's voting delegates participated in the Association's Annual Business Meeting on Tuesday afternoon. They elected a slate of members to the Association's Board presented by the Nominating Committee, passed six policy resolutions, and heard a report on the Association's 2017 financial performance, as well as its financial performance for the first four months of 2018. Board Chair Wally Haase thanked the out-going board members and officers for their service to the Association.
- The Association's new Treasurer, Layne Burningham, reported to the Executive Committee, Board and Membership that the Association is in a sound financial position. APPA's financial performance during the first four months of 2018 met expectations, with \$6,533,647 in total revenues and total expenses of \$6,300,048, resulting in net operating income of \$233,598 (\$479,453 above the trended 2018 budget). APPA's total net assets as of 4/30/18 were \$2,191,853. The Association's reserves as of that date were \$12,051,094, which amount exceeds the current target level of 35% of total annual budgeted operating expenses.
- The Retirement Planning Advisory Committee (RPAC) met on June 15. The RPAC heard reports from the RPAC's financial advisor, Ellwood Associates, its actuary, Mercer, and OneAmerica, the plan administrator for APPA's 401(k) plan. The Association's now-frozen defined benefit plan (DBP) is currently 100% funded. The Association's 2018 budget calls for a \$1 million contribution to the DBP in 2018, but the RPAC at its meeting recommended to the Executive Committee that the Association contribute an additional \$500,000, for a total of \$1.5 million. (The Executive Committee at its meeting on June 17 adopted this recommendation.) The RPAC also discussed the funding levels and procedural steps that would be necessary to transfer the DBP to a qualified financial

institution. By making additional contributions over budgeted amounts into the DBP, the Association hopes to facilitate the eventual transfer of the DBP to such a qualified financial institution.

- The Finance and Audit Review Committee (FARC) met on June 16. It heard from APPA's auditors, Tate & Tryon, regarding the audit of APPA's consolidated financial statements for the year 2017. The auditors presented a draft report, which included a "clean" opinion, with no issues identified. In addition to completing this audit, the auditors also completed a "single audit" of the Association's activities under its two Cooperative Agreements with the Department of Energy (DOE). The single audit was also "clean," with no issues identified.
- The Executive Committee (EC) also met on June 16. It heard reports on the financial condition of the Association, the RPAC and FARC meetings, and progress on the Association's strategic plan.
- The Association's Board met on June 16 in its capacity as the Shareholders of Public Power, Inc. (PPI). The President of the PPI Board, David Koster, reported that on June 1, the assets held by PPI in Hometown Connections, Inc. (HCI), were acquired by a group of five joint action agencies: American Municipal Power, Alabama Municipal Electric Authority, Northern California Power Agency, Vermont Public Power Supply Authority, and Missouri Public Utility Alliance. Because the sole purpose of PPI was to hold the Association's interest in HCI, the shareholders voted to authorize Association management to dissolve PPI. Board Chair Wally Haase thanked all the members of the PPI Board and HCI Board of Managers for their service.
- At the Association's Board meeting, the Board approved the officers and Executive Committee members for the 2018-2019 Board year. The Board also approved the recommendations for officers of the various APPA Sections and Committees. (See attached rosters.)
- The Board heard from Association staff on the activities of the Association's various departments thus far in 2018. Staff also reported on 2018-year-to-date progress on the six external strategic initiatives under the Association's 2016-2018 strategic plan. Work is proceeding on specific tasks and deliverables under all six initiatives. The Board discussed a proposal under the Raising Awareness strategic initiative to mount a national awareness campaign in the latter half of 2018. The campaign is intended to help public power utilities raise awareness in their communities about public power, and will be implemented through social media and community activities. The Association has retained Vanguard Communications to assist with this campaign, which will highlight the benefits to a community of owning and controlling its power.

- The Board's Strategic Planning Committee discussed its recommendations regarding post-2018 strategic planning with the Board. These recommendations were to: (1) develop a streamlined, two-year Strategic Plan that will cover the years 2019-2020; (2) maintain focus on the six strategic priorities (Raising Awareness of Public Power; Public Power Forward; Increased Federal Regulations; Cyber and Physical Security; Research and Development; and Workforce Development) identified in the current Strategic Plan; and (3) focus on increasing member awareness of the Association's products and services and diversifying the organization's revenue streams to reduce reliance on utility dues revenues. The Committee also recommended hiring Julie Ryan of Aether Advisors to assist with the development of the 2019-2020 Strategic Plan. The Board voted to adopt the Committee's recommendations. Staff and the Committee will work with Ms. Ryan to develop a draft plan to present at the Association's October Board meeting.