

APPROVED 1-27-16

MINUTES
City of Tacoma
Public Utility Board Study Session
January 13, 2016
4:30 p.m.

Mr. Flint called the Public Utility Board study session to order at 4:30 p.m. at the Public Utilities Administration Building.

Present: Bryan Flint, Woodrow Jones, Mark Patterson, Monique Trudnowski, Karen Larkin

Tacoma Power: Click! Business Plan Development

Director Gaines made introductory remarks. In response to Board instruction in December, staff has begun work on business plan development for Click!. Tenzin Gyaltzen, Click! General Manager, discussed three documents with the Board: 1) Timeline for business plan development; 2) Suggested key questions for the Click! Engagement Committee to consider; 3) Proposed Click! Engagement Committee Team Charter. Mr. Gyaltzen walked through each of the documents with the Board, beginning with the timeline.

In response to an inquiry from Board Member Jones regarding where the Click! Engagement Committee meetings would be held and who would be in attendance, Chair Flint answered that sensitive business information may be discussed that shouldn't be discussed in public. Bill Fosbre, Chief Deputy City Attorney, stated that if the public doesn't attend, all documents will be subject to public disclosure.

In response to an inquiry from Board Member Larkin regarding when engagement between the Click! Engagement Committee, staff, outside legal counsel, and consultants will take place, Tenzin Gyaltzen, Click! General Manager, answered that the consultant will be part of the process from the beginning. Board Member Larkin expressed interest in bringing in representatives from Chattanooga Tennessee to address the Click! Engagement Committee. Chris Robinson, Power Superintendent, added that when to bring in outside consulting will be an agenda item on the first committee meeting.

In response to an inquiry from Board Member Trudnowski regarding meeting facilitation, Director Gaines answered that meeting facilitation is planned. Board Member Trudnowski expressed interest in hearing from cities in addition to Chattanooga and

would like to know how the information will be considered by the Click! Engagement Committee.

In response from an inquiry from Board Member Trudnowski regarding whether outside legal advice will be provided to the Board Members, Mr. Fosbre answered that the Board and Council will receive confidential legal advice and information from the City Attorney's Office and outside Counsel, but not the Click! Engagement Committee.

Chair Flint expressed his desire that the materials provided to the Click! Engagement Committee start from a place that presents the current dynamics of challenges and opportunities. Also, Chair Flint would like the Click! Engagement Committee to receive a briefing on Click!'s physical infrastructure, and labor structure.

Chair Flint inquired as to how the Internet Service Providers (ISPs) would provide comments to the Click! Engagement Committee. Mr. Flint added that it would be helpful to provide deadlines for the consideration of ideas.

Board Member Larkin expressed her desire to see the Click! Engagement Committee receive an overview of AMI and how the future of AMI may be integrated with Click! infrastructure.

Board Member Patterson requested to have the basics of how Click! Network operates and what staff members do outlined for the Click! Engagement Committee.

Mr. Gyaltsen then reviewed the team charter and called out that facilitation, two-hour, weekly meetings and ground rules for conduct are recommended. The deliverables of the Click! Engagement Committee will advise staff in preparing the five-year business plan.

In response to an inquiry from Board Member Patterson, Mr. Gyaltsen stated that the documents shared at the Board study session will be transmitted to the Click! Engagement Committee members on Friday, January 15, 2016.

Mr. Patterson shared that a facilitator needs to be brought in at the beginning of the process.

Chair Flint stated that the charter is well done and starts the committee off in the right direction. The challenge is to create an atmosphere of honest dialogue to try out ideas and challenge one another.

Board Member Patterson expressed his desire to have system improvements, specifically the difference between the technology Click! currently possess and the technology the competitors possess, incorporated early in conversations.

Mr. Gyaltsen then walked through the suggested questions for the engagement committee. The purpose of the questions is to have the Click! Engagement Committee understand technology and consider broader issues as they develop suggestions. Director Gaines stated it would be good for the Click! Engagement Committee consider what about Click! can create a competitive advantage.

Board Member Jones sought clarification on the role of Consultant Dawson and the facilitator. Director Gaines stated the roles are separate and distinct. The facilitator will manage meeting mechanics. Mr. Dawson has financial models already built and he can incorporate ideas as they arise. Mr. Dawson has hundreds of broadband municipals as clients and usually helps startups and works to make companies more successful. Mr. Dawson will also resource the committee with a non-financial role pertaining to marketing, labor, products, etc.

Board Member Larkin requested the committee receive Mr. Dawson's background.

In response to an inquiry from Board Member Larkin regarding if there is a difference with businesses that don't have a high reliance on the internet versus the ones who do, Mr. Gyaltsen stated the Master Service Agreements differentiates.

Board Member Larkin requested that a question be added that seeks feedback on pricing strategies and providing lifeline services.

Board Member Larkin requested that the Click! Engagement Committee receive information on legal issues and how they're different from the regulatory environment. Director Gaines stated that the layout of the current regulatory framework can be provided.

Board Member Trudnowski expressed that her concern is ratepayer advocacy outside Tacoma city limits and that isn't represented on the Click! Engagement Committee. Would like to discuss this issue. Would like to add the question 'what are the responsibilities of ratepayers outside the city limits'.

In response to an inquiry from Board Member Jones regarding when information from around the country will be transmitted to the Click! Engagement Committee, Director Gaines stated that the plan is to bring broad national experience in with the consultants, it will be provided to the committee and will be a big part of their discussions.

In response to an inquiry from Board Member Larkin regarding capabilities and staffing of the American Public Power Association (APPA) for municipal broadband work, Director Gaines stated that APPA has one person who works on political and regulatory aspects, but not business aspects.

Board Member Patterson expressed his desire to see a focus on marketing.

Mr. Fosbre provided a summary of the third party help that will be engaged. City Attorney Pauli and Mr. Fosbre reviewed services and the Foster Pepper law firm has attorneys who practice specifically in this area. They would review all previous legal opinions and may be asked to test the suggestions of the Click! Engagement Committee. The final plan will be reviewed by both the City Attorney's Office and the outside law firm. Risk assessment will take place during and after the process.

Miscellaneous

Mr. Fosbre informed the Board that they received a confidential memo outlining the city's ethics code and their roles in adhering to the code.

Director Gaines reported that the state regulatory issues associated with the Community Solar project have been resolved and construction will proceed as planned. Board Member Patterson requested a copy of the state's no-action letter.

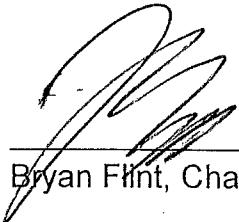
Board Member Flint reported that he and the Director participated in the second quarterly meeting with the Council Committee Chairs. They were briefed on TPU's benchmarking process, Integrated Resource Plan, and Conservation Plan.

Director Gaines stated that TPU's approach to the proposed methanol plan is that of service provider; TPU is obligated under the law to serve. TPU will not get involved in policy and will keep the Board informed of developments.

Adjournment

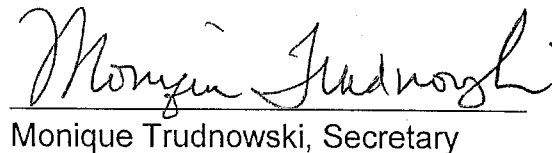
The study session was adjourned at 5:30 p.m. until the next regularly scheduled study session on Wednesday, January 27, 2016 at 3:00 p.m.

Approved:



Bryan Flint, Chair

Approved:



Monique Trudnowski, Secretary