

ENERGY TRUST

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Mark E. Miller, C.P.M., Chairman
Milton E. Nagel, C.P.A., Vice Chairman
R. Allan Gorsuch, Ed.D, Manager

December 14, 2006 MINUTES

- I. Call to Order/Quorum** – A quorum was established by Chairman Mark Miller. Present were: Milton Nagel, Tim Brooke, Mike Spears, John Johnson, Toni Schelts, Rodger Daugherty, Vince Tolbert, and Allison Canada.

Also present: Allan Gorsuch, Vivian Anders, Karina Jackson, Gene Adkins, John Scarborough, Noel Chesser, and Bert Wilson.

- A. Approval of Minutes – Upon a motion by Milton, seconded by Tim Brooke, the October 12, 2006 minutes were unanimously approved.
- B. Finance Report – Allan Gorsuch reported there were no changes and that Robin Landgraf would give an update on the details at the next meeting.
- C. Energy Forum – October 17 – Mark Miller advised this forum revolved around cooperative purchasing. Commented on the reverse auction model being used in Pennsylvania.
- D. House Bill 2 – Mark Miller expressed concerns regarding interpretation of this bill and what responsibility will fall on school systems. Allan Gorsuch gave an overview on the status of House Bill 2. Suggested that this bill be closely read and to also have local school board attorneys read over it. Also suggested including a hold harmless clause in the contractors agreements. This item will be put this on the superintendents agenda for discussion at their next meeting.
- E. Other – Gene Adkins submitted the necessary paperwork from Somerset County Library solidifying their sub-participant status under the Somerset County Government.

Discussed having one purchasing agent for all Eastern Shore Counties and the prospect of ASBO working on becoming a clearinghouse. In relation to group bids, Allan Gorsuch touched on a recent inquiry in Kent County by which the auditors questioned the process of when bids went in front of their board for approval. Please be aware that when a bid specifically names your county, it should be authorized by your board.

II. Managers Report

- A. Communications – Discussed a note from Fay Miller in Kent County advising that she has been contacted by the county to be part of their electricity procurement process. Allan Gorsuch has left a message for county administrator and is awaiting a return call. There are four Eastern Shore counties that are not part of the ESMEC Energy Trust. Robin Holloway, President of the Wicomico County Board of Education, recently shared information about the Energy Trust at a legislative dinner. As a result, Allan Gorsuch was approached by new the county administrator, Mr. Pollock, and a meeting will be set to discuss the ESMEC Energy Trust.

Allan Gorsuch attended the Shore Energy Conference – The Perdue School of business has money to create this new energy program. There are foreseen problems with congestion that will eventually cause concerns for the ESMEC Energy Trust. (See “Federal Response to Congestion in Electricity Transmission” report dated October 17, 2006.) He will keep track of this and will update the group accordingly.

- B. Legislation/PSC – Allan Gorsuch shared that the PSC is moving toward the model that SRC has implemented for us.

There may be a bill in the legislature that dismantles deregulation. This bill includes regulatory kinds of things for residential customers. For us the cost of doing business will go up. A discussion ensued as to meter consolidation and the benefits, if any, of such.

Another issue is going to be conservation. There may be a requirement that schools reduce consumption by 10%.

- C. Operating Procedures for Electric Supply Portfolio – Upon a motion by Milton Nagel, seconded by Tim Brooke, it was unanimously approved to accept the “Operating Procedures for the ESMEC – Energy Trust Electric Supply Portfolio” as submitted.
- D. Other – Queen Anne’s County Energy Award. Allan Gorsuch distributed copies of the recent news article on the MEA Award presentation to the Queen Anne’s County Board of Education.

III. Consultants Report

- A. Electricity Market/Hedged Position - Discussion ensued regarding the Energy Block Confirmation at \$69.39 per megawatt. Will review in January to increase block size purchase. Bert advised the portfolio performance worked very smoothly with Pepco. Suggested one more hedge before end of the year and will reconsider strategy at the next meeting.

- B. Fuel Oil Market/Hedged Position – Recommendation was not to do anything.

- C “Green Power” Policy – Discussed options for satisfying this requirement.

- E. Other:

Bill Logs – Allan Gorsuch stressed getting information back to Linda at SRC when you receive e-mails on missing accounts. Asked that participants respond ASAP.

REC - Paperwork has been submitted and the ESMEC Energy Trust is in compliance of the Maryland Renewal Portfolio requirements for 2006 and 2007.

Noel advised everyone has FY’08 Budget for Delmarva Power accounts. Budget recommendation for the upcoming year was to look at new facilities coming on line, usage – additional cost, and add any additional load creep (set at 4% a year). Also discussed establishing a fund balance in regards to remitter to Pepco.

Those involved in construction projects were reminded by Allan Gorsuch to consider an ESCO and to keep in mind that Noresco is the Energy Trust’s preferred energy services company.

There being no other business the meeting adjourned at 12:10 p.m. with lunch.

The next meeting is scheduled for Thursday, February 8, 2007 at 10:00 a.m. at the Queen Anne's County Board of Education.

Respectfully submitted,

R. Allan Gorsuch, Ed.D.
Manager, ESMEC Energy Trust