

ESMEC

Eastern Shore of Maryland Educational Consortium

ENERGY TRUST

202 Chesterfield Avenue • Centreville, MD 21617 • (P) 410-758-2403, ext. 132 • (F) 410-758-0046 • E-Mail: consor@qacps.k12.md.us

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

February 9, 2006 MINUTES

- I. Call to Order and Quorum** – A quorum was established by Chairman Mark Miller. Present were: Milton Nagel, Tom Kappra, Fay Miller, Robin Landgraf, Rodger Daugherty, Charles Connolly, Vince Tolbert, and Allison Canada.

Also present: Allan Gorsuch, Dick Shaeffer, Chris Hauge, Gary McCabe, Sid Pinder, Toni Schelts, Rick Davis, Norris Beauchamp, Steve Price, Jane Bradford, Jeff Bauder, Todd Mahn, Steve Walls, John Scarborough, Jim O'Donnell, John Wright, Gene Adkins, Jeff Rank, Steve Reinert, Brett Morton, Dale Kenton, and Noel Chesser.

- II. Approval of Minutes** – Upon a motion by Milton Nagel, seconded by Charles Connolly, the January 12, 2006 minutes were unanimously approved.

- III. Finance Report** - Robin Landgraf distributed the Finance Report dated 1/31/06.

- IV. Managers Report - Allan Gorsuch addressed the following:**

A. Communications

1. Gave updated on Legislative activity involving market rates.
2. Discussed the oil bid spreadsheet from SRC and Noel noted about a couple discrepancies and steps being taken to resolve them.
3. Discussed some good news in that the Trust is paying low rates for electricity and some not so good news relative to the 40% price increase estimate for next year.

B. Other -

Noel discussed factors relating to the price estimate for next year resulting from the instability of world market conditions. Conversation lead into the Block/Portfolio Purchasing (dollar cost averaging) approach to deal with and take advantage of these market conditions.

- V. Block Portfolio Purchasing Structure - Noel Chesser**

- A. Review of Proposed Structure - Allan Gorsuch pointed out two documents representing the road map and key decision points of this purchasing structure. Asked that the Trustees read carefully and share this information with other key decision makers in their organizations and be ready to make decisions at the March meeting.

Electric Cost Management Policy – Draft #1 – (buff paper) – This document is the general philosophy and approach and more than likely won't be changed. Decides how much to expose and how much to lock in.

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Electric Purchase Implementation Guideline – Draft # 1 - (green paper) – Noel stated that the information in this report would be of great interest in that it will share what we are buying the electricity for; detailing the target numbers. Explained that the Oversight Committee will review this document on a regular basis as this will be updated on a more regular basis. Noel explained he can't predict whether or not this approach will result in the lowest costs. However, he does this structure presents a strategy to avoid volatility. He explained that with the May contracts coming due, the last thing the Trust wants is to have pure market rates, and that is the reason for approaching this now, to squeeze any savings possible from the process.

- B. Action on Proposed Structure – Upon a motion by Milton Nagel to accept and move forward on the Block/Index Purchase Structure as submitted by South River Consulting, seconded by Fay Miller, is was unanimously approved.
- C. Oversight Committee – Allan Gorsuch asked for volunteers and suggested that the committee reflect the different groups or organizations involved here to ensure all interests are reflected. He also asked that the Chairman and Vice Chairman of the Energy Trust serve as the education representatives: On that note, all were in favor of the following members:

Mark Miller, Chairman, ESMEC Energy Trust
Milton Nagel, Vice Chairman, ESMEC Energy Trust
Tom Kappra, Cecil County Public Schools
Gene Adkins, Somerset County Government
Jeff Bauder, Cecil Community College

Portfolio Position Reports will be reported on a Monthly/Quarterly basis by the Oversight Committee. This committee will correspond mostly through e-mail and Trustees will be kept up-to-date on status through ***copies*** of these e-mails.

- D. Electric Cost Management Policy (Draft) – To be reviewed in detail, shared with key decision makers in your organization and be prepared to make a decision on this at the March meeting.
- E. Electric Purchase Implementation Guideline - Draft #1 – (green paper) - To be reviewed in detail, shared with key decision makers in your organization and be prepared to make a decision on this at the March 9 meeting.
- F. Pepco Energy Services Proposal – Dr. Gorsuch asked that the group give some direction to either meet with Pepco and authorize us to accept their offer or approach them to negotiate a lower offer.

Upon a motion by Robin Landgraf and seconded by Milton Nagel it was unanimously agreed to have the Oversight Committee meet with Pepco representatives to obtain a cost of \$.90 or less during the term of the contract.

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VI. Energy Conservation Workshop – Walt Auburn of the Maryland Energy Administration gave openings remarks and comments regarding practices and programs offered through MEA. Described the Energy Star rating system and touched on performance contracting and how others are dealing with same obstacles. Passed around a binder, "Building High Performance Schools," with various recommendations from Dave Kronin (D.C. office of MEA). Advised how MEA can offer state and federal resources and suggested that Alanno Gino of Sentech work with SRC to export all of the Energy Trust's information into the EPA systems' database. MEA will in turn supply the Energy Trust with recommendations based on that information.

- A. Presentation by Alanna Gino of Sentech on "Maryland Energy Administration Rebuilt America Schools Program"." (Copy of presentation handed out.) Presentation was followed by a brainstorming session.
- B. Energy Conversation Ideas – The following are comments brought about by the brainstorming session immediately following Sentech's presentation:

Jeff Bauder of Cecil Community College shared with the Group that their Energy Council Committee set a goal to reduce energy usage throughout the campus. The bottom line was to maintain the overall budget. They reduced their electric demand by 60%. Some of the ways they reached their goal included: installing capacitor banks, in regards to buildings use they staggered equipment with summertime demands. Stressed that campus support is/was a must in obtaining these goals.

Chris Hauge of Dorchester County Public Schools advised they were going geothermal in a 60 year old elementary school in Dorchester County, adding inches of insulation to roofs, removing old windows and replacing with double pane windows, changing boilers to dual fuel boilers, web based open control systems with control panels in each school and accessed by laptop.

Rodger Daugherty of Somerset County Board of Education shared they were doing much the same in Somerset; adding insulation to roofs and looking into geothermal next year.

Allan Gorsuch commented as to possible benefits of doing multiple energy projects as opposed to one at a time, a cooperative effort.

Dick Schaeffer shared information on multiple performance contracts in Cecil County.

On the topic of performance contracts, Chris Hauge explained this process and how technical aspects of performance contracting turns facility personnel into high finance people and the fact they are not comfortable with that.

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Allan Gorsuch made comments as to who at the local level has expertise to weed through the details and technical aspects. Asked if we were looking for expertise when building new buildings?

Allan Gorsuch asked the group for some tricks of the trade and shared that Montgomery County has designated half of their schools as Green Schools. Other comments included:

- Elementary Teachers were asked when they were finished for the day and kids left to turn all lights off. Bought desk lamps and asked that they use these after the kids left. The teachers liked the softer light and it saved money.
- Vending Machines – With Energy Misers. Compressors run all summer long. Coca-Cola has offered to replace with more efficient machines that cuts energy in half.
- Summer Programs and the use of buildings. Cut the use of 3 buildings down to using only one.
- Computer Monitors – Some have changed to LCD monitors.
- Building Ice at Night.

In closing, Allan Gorsuch thanked Walt Auburn and Alanna Gino and reminded the group that the Maryland Energy Administration has a lot of resources in which the Energy Trust should draw from.

Allan Gorsuch advised that the superintendents want the School Facilities Committee to meet on a regular basis. Will be back in touch and looking for someone to step up and chair this committee. He suggested, and those present agreed, that this group might include energy managers and personnel from participating county governments and community colleges.

There being no further business, the meeting adjourned at 12:00 with lunch.

The next meeting is scheduled for Thursday, March 9, 2006 at 9:30 a.m. at the Queen Anne's County Board of Education.

Respectfully submitted,

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