



(EASTERN SHORE OF MARYLAND EDUCATIONAL CONSORTIUM)
ESMEC ENERGY TRUST

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

September 11, 2008

MINUTES

- I. Call to Order/Quorum – A quorum was established by Chairman Mark Miller. Present were: Milton Nagel, Tom Kappa, Fay Miller, Robin Landgraf, Rodger Daugherty, Mike Spears, Jeff Bauder and Dave Jones.

Also present: Allan Gorsuch, Mike Haring, Herb Mills, Noel Chesser and Bert Wilson.

- A. Approval of Minutes – Upon a motion by Robin Landgraf, seconded by Milton Nagel, the May 8, 2008 minutes were unanimously approved.
- B. Finance Report – The finance report dated 8/30/2008 was prepared and reviewed by Robin Landgraf. Upon a motion by Roger Daugherty, seconded by Charles Connolly, the finance report was unanimously approved.
- C. Revised 2009 Budget – Allan Gorsuch stated the reason for the revised budget was due to the change in consultant fees. Mark Miller explained that he and Milton Nagel had discussed this and spoke to South River Consulting about the timing of this and all future changes to the budget.

Upon a motion by Robin Landgraf, seconded by Charles Connolly, it was unanimously approved to accept the Revised – September 11, 2008 Operating Budget as presented.

- D. Management Services Agreement – Copy of agreement was included in packets.
- E. Other – Audit Committee – An Audit Committee consisting of Charles Connolly; Chairman, Milton Nagel and Mike Spears was formed to review the financials thru June 30th. The committee will present their findings at the next meetings scheduled in November.

Participant Listing – The participants listing was sent around for updates.

II. Managers Report

- A. Communications/Press Release – Allan Gorsuch advised a press release would be put together as soon as the true up calculation is in from PJM, which should be sometime between now and November. He also suggested using the news release for the individual counties.
- B. Marketing – MACO Conference – Allan Gorsuch attended the conference and advised this keeps him connected with the county governments. He will attend one day of the MABE meeting for the same purpose.

Allan Gorsuch discussed the prospects of other two county governments joining the Energy Trust. Stated that Wicomico Government was already in on a 5 year fixed deal. Shared some insight into fixed contracts and the outlook for future pricing. Also touched briefly on Talbot County's position.

Allan Gorsuch thanked Mike Spears for joining in on the meetings with Cambridge and Hurlock and to date has heard nothing from either. Advised he would be calling on appropriate Trustees to attend any future meetings with city or county officials.

Allan Gorsuch said there was a new group being formed and that he would like to attend a couple of their meetings - Marylanders for Reliable Power. (see www.forreliablepower.org/maryland.php)

- C. Legislation/PSC – Allan Gorsuch stated this was going to be a very active year. The Governor has set the tone with his speech (copy included in packets) and has established himself with what he stands for in terms of energy.

Discussed legislation approved adding bio mass to meet REC requirements.

- D. Budget to Actual FY 2008 – Allan Gorsuch noted this reflects 11 months of recorded South River Consulting bills.
- E. PSC Compliance Reporting – Allan Gorsuch discussed the Show Cause Order received from the PSC and discussed the steps taken and reasons related to the filing of Renewable Energy Portfolio Standard Annual Reports as deemed necessary by the Public Service Commission.
- F. Other – Also included in the packets were the following:
- Official announcement of purchase of SRC by ENERNOC
 - Constellation Energy report – When it comes to your fuel costs, Constellation will show you an easier route
 - Article from the New York Times on the Drilling Boom of natural gas
 - WBOC article on Land-Based Wind Providers
 - WBAL article regarding a pilot program with smart meters
 - A list of meeting dates for 2008-2009
 - Copies of energy block purchase confirmations dated July 18, 2008 and August 25, 2008.
 - A revised Energy Trust Brochure with new logo on back.
 - Copy of Delmarva Power letter dated July 9, 2008 addressed to Terry Romine at the PSC.

Allan Gorsuch also pointed out the Delmarva Power Administrative Charge line item on the monthly billing.

It was noted that some participants are not receiving their Pepco bills in a timely manner –hard copies. South River Consulting does receive these bills directly via e-

mail, but the individual hard copies are being received much later creating problems/concerns within the counties. Bert Wilson advised he would talk to Pepco about improvements that could be made in billing process.

III. Consultants Report –

- A. Electric Portfolio Report – Bert Wilson embraced the portfolio review with enthusiasm and excitement!! Along with some enlightening comments from his audience. Discussed in detail the savings from buying blocks of energy since day one and advised hedge/insurance costs is running approximately 5%. Touched on capacity reductions due to the addition of facilities/added people, E.E.I. and Cecil College programs and stated he was very pleased with the numbers noting that this is the controllable piece – USE.
- B. Market Projections – Noel commented that in the speculation market, hedge funds are driving high prices and that there is a bubble in that market for oil. Right now we are purchasing more on the day-ahead market.
- C. Billing Rates – Upon a motion by Fay Miller, seconded by Milton Nagel, and unanimously approved the billing rates for next three months:

November – February at 9.5¢

Bert explained stability due to volumetric changes by member – cost is somewhat higher on smaller volume, but budget costs and assessments get smaller.

- D. Other

Noel will provide savings with fixed rate and SOS comparisons by member.

Noel also made mention of the Bluewater Project off the Delaware Coast. (Demand only – being delivered to Indian River) Delmarva Zone.

There being no other business the meeting adjourned at 12:00 p.m. with lunch.

The next meeting is scheduled for Thursday, November 13, 2008 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