

**Virginia Energy Purchasing Governmental Association
(VEPGA)**

County Manager's Conference Room
Henrico County Administration Building
4301 East Parham Road
February 24, 2012
9:30 A.M.

Approved Minutes

Present were board members Steve Sinclair, Fairfax County; David Baker, Fredericksburg City Schools; Mike Barancewicz, Loudoun County Schools; Tom Colbert, Prince William County Schools; Bill Eger, City of Alexandria; Matt Groff, Prince William County; Jim Morris, Virginia Beach Schools; Rick Raike, Hampton Roads Sanitation District; Tom Reinsel, Fairfax County Schools; Najib Salehi, Loudoun County; Dave Simmons, Gloucester County Schools; Jerry Spivey, City of Norfolk; Mark Tschirhart, Gloucester County Schools; and Jerry Walker, Henrico County.

Also present were VEPGA member representatives Shahid Abbas, Arlington County; Seth Austin, Chesterfield County Public Schools, Paul Braese, Chesterfield County; Mike Collins, Arlington County; Brian Gorham, Prince William County Schools; Susan Hafeli, Fairfax County; Phuong Le, Fairfax county; John Lord, Loudoun County Public Schools; John Morrill, Arlington County; Lander Napper, Alexandria Sanitation Authority and Jerry Riddick, City of Norfolk

Also present were VEPGA counsel Louis Monacell and Cliona Robb with Christian & Barton and VEPGA Secretary/Treasurer Joe Lerch with the Virginia Municipal League.

I. Call to Order

Mr. Sinclair called the meeting to order at 9:43 a.m.

II. Approval of Minutes of Previous Meeting (12/2/11)

A motion to approve the minutes as amended was made by Mr. Raike and seconded by Mr. Salehi. The motion passed unanimously.

III. Additions to the Agenda

Mr. Sinclair noted several additional topics to be covered starting with an update and discussion on the annual meeting. Mr. Barancewicz announced that the annual meeting will take place on May 4th and include a tour of Dominion Virginia Power's (DVP) Chesterfield power station. The meeting will take place at Chesterfield Central Library and include lunch. The library has a meeting room that can accommodate up to 120 participants and allows for catering. Mr. Barancewicz thanked Paul Braese and Seth Austin for their help securing the library location. In addition to the business meeting the agenda will include up to three hot topics and a legislative update. Possible topics include the USDA Green Ribbon program for schools, contracts for sub-metering, and Energy Star for schools. Mr. Barancewicz will convene a meeting of the Energy

Efficiency & Conservation Committee (EECC) to finalize the agenda and details for the annual meeting.

Mr. Morrill asked whether there were multiple vendors approved for sub-metering. Mr. Reinsel answered that there are about a dozen approved vendors and that they are listed on the Virginia Department of Mines, Minerals and Energy (DMME) website. He will send the website link to Mr. Lerch for posting on the VEPGA homepage.

Mr. Salehi recommended inviting Verizon for a presentation on smart metering and building automation.

Mr. Morris said that he liked the topic of Energy Star for schools.

Mr. Barancewicz said that the tour will start at 8 am and be approximately 4 hours in length and can accommodate up to 50 participants. Given that recent annual meetings have attendance in excess of 60 the tour will be limited to a "first come, first served basis". Board members will be allowed to sign up first.

Mr. Sinclair noted that Environment Virginia conference to be held April 10-12 at VMI in Lexington will have many topics related to energy and board members can use their professional development stipends to attend.

Mr. Sinclair said that the last addition to the agenda to cover was the LED street lighting rate schedule. Ms. Robb said that she had received the proposed rate schedule from Kurt Swanson of DVP and that the board may want to authorize counsel to review and the chairman to approve. Mr. Sinclair asked Ms. Robb to distribute the proposed schedule to the board and to Mr. Riddick for distribution to the Joint Action Committee's (JAC) LED lighting subcommittee which will meet on March 8th. After counsel, board and JAC review Mr. Sinclair could then make an informed decision as to approval. A motion was made by Mr. Simmons and seconded by Mr. Eger to authorize the chairman to approve the final rate schedule after consultation with counsel and recommendations from board members and the JAC.

IV. Committee Updates

Mr. Riddick said that the JAC will meet March 8th and that the electrical construction subcommittee will for first time on that date.

Referring to the attachments Mr. Baker gave a report of the Budget and Finance committee which met on January 5th. The committee reviewed the proposed budget including the proposed legal, consulting and administrative services and recommended approval. A motion was made by Mr. Morris and seconded by Mr. Salehi to approve the proposed budget for fiscal year 2013. The motion passed unanimously.

Mr. Sinclair also noted that the Budget and Finance committee recommended for the board's consideration a refund of \$125,000 to members after the FY 13 billing cycle. The reason for the consideration is a fund balance approaching 212% of the annual budget. It was noted by Mr. Baker that a healthy fund balance is necessary for unforeseen legal costs.

Mr. Walker asked if the fund balance is growing at a certain rate. Mr. Baker answered that the balance may grow another \$100,000 this upcoming fiscal year.

Mr. Reinsel raised concerns that a refund might signal to members that they are being overbilled. Mr. Sinclair noted that the Budget and Finance committee discussed this concern and that any refund must include a letter explaining the reasons for maintaining a healthy fund balance and that this refund is a result of sound fiscal management.

Mr. Lord suggested that the board consider allocating a certain amount of surplus to member education and outreach. A discussion ensued on the target audience for member education and outreach and the type of products to be developed.

Mr. Walker said he preferred a line item decrease in the annual bills versus a refund.

After more discussion Mr. Sinclair said that more consideration with additional information was likely necessary before making a decision. He recommended the item be brought up again at the August meeting. Mr. Salehi made a motion seconded by Mr. Simmons to defer the matter to the August board meeting. The motion passed unanimously.

V. Legal Update

A. Amendment No. 1: Background on 7/1/2012 riders and REC tariff (closed meeting)

B. Update on Recent SCC Actions (closed meeting)

Mr. Groff made a motion seconded by Mr. Salehi to enter into a closed meeting under Code of Va. § 2.2-3711(A)(7) to consult with legal counsel employed or retained by a public body regarding specific legal matters requiring the provision of legal advice by such counsel. The motion passed unanimously.

Mr. Groff made another motion seconded by Mr. Walker to permit non board member VEPGA member representatives to attend, as their presence will reasonably aid the board in its consideration of the bargaining position and negotiating strategy as allowed under Code of Va. § 2.2-3712(F).

The board came out of executive session and took a roll call vote to certify that (i) only business matters lawfully exempted from open meeting requirements under these chapters and (ii) only such public business matters as were identified in the motion by which the closed meeting was convened were heard, discussed or considered in the meeting of the public body.

Roll Call

<i>Mr. Baker</i>	<i>Aye</i>
<i>Mr. Barancewicz</i>	<i>Aye</i>
<i>Mr. Eger</i>	<i>Aye</i>
<i>Mr. Groff</i>	<i>Aye</i>
<i>Mr. Morris</i>	<i>Aye</i>
<i>Mr. Raike</i>	<i>Aye</i>
<i>Mr. Reinsel</i>	<i>Aye</i>

<i>Mr. Salehi</i>	<i>Aye</i>
<i>Mr. Simmons</i>	<i>Aye</i>
<i>Mr. Sinclair</i>	<i>Aye</i>
<i>Mr. Spivey</i>	<i>Aye</i>
<i>Mr. Tschirhart</i>	<i>Aye</i>
<i>Mr. Walker</i>	<i>Aye</i>

Mr. Baker made a motion seconded by Mr. Barancewicz to authorize Chairman Sinclair to decide whether to switch the current G-CM rider (REC tariff) to a fixed rate by the July 31st deadline. Mr. Sinclair asked Ms. Robb to inquire with DVP whether they would extend the deadline to August 24th, the date of the next board meeting, to allow the board to make the decision on variable versus fixed rate. If not than a motion to authorize Mr. Sinclair could be made at the annual meeting on May 4th. Mr. Baker withdrew the motion.

C. General Assembly Update

Referring to the latest update provided to VEPGA members (copies of which were distributed to the attendees) Ms. Robb gave a summary of the energy bills under consideration in the 2012 General Assembly. In communication to the VEPGA membership one particular bill dealing with solar purchase power agreements (PPAs) was highlighted. Ms. Robb noted that the bill resulted from a cease and desist order from DVP for a proposed solar PPA at W&L University. The bill would allow for PPAs in Virginia and is of interest to VEPGA members wishing to pursue them. Mr. Morrill asked if VEPGA was lobbying for its passage as he was getting questions from elected officials on VEPGA's position on the bill. Mr. Sinclair answered that VEPGA is not authorized to lobby the General Assembly. He asked Mr. Lerch to send an email to VEPGA members clarifying that VEPGA does not lobby.

In regards to renewable portfolio standard (RPS) bills Ms. Robb reported that all the "rate-payer friendly" bills had been defeated. Also defeated was the Attorney General's bill to get rid of RPS bonuses and replace them with reimbursements for costs. Still alive is an unfriendly rate-payer bill that allows for research and development reimbursements as well as bills sponsored by Senator McEachin and Delegate McClellan to provide for greater transparency.

Mr. Monacell asked if counsel should pursue a discussion with DVP on solar PPAs. Mr. Sinclair answered yes.

Mr. Monacell reported that the Commission on Electric Utility Regulation did not meet in January.

Mr. Monacell suggested inviting Virginia Resources Authority (VRA) to the VEPGA annual meeting to make a presentation on financing energy landfill projects.

The meeting adjourned at 12:22 pm for lunch and reconvened at 12:52 pm.

D. TERF Issues

Ms. Robb said that guidance and clarity was needed from DVP on what services apply to TERF (Tax Effect Recovery Factor). Other than new service it is not clear where TERF applies. Mr. Abbas said that Arlington's TERF issues seemed to have been worked out with DVP but that a policy resolution was still needed. Ms. Robb said that once we get clarity from DVP on TERF applicability it can be posted on the VEPGA website.

There was a short discussion on standardization of customer service. There seemed to be consensus that Northern Virginia was an outlier compared to the rest of the state where customer service was given high marks.

Mr. Abbas asked how to achieve energy efficiency credits for switching traffic lights to LED. Mr. Walker answered that Henrico County measured energy use in non-metered intersections and submitted the results to DVP which then provided the credit.

Mr. Morrill recommended that the board re-examine the fundamentals of the terms & conditions of the existing contract with DVP in order to tackle the JAC issues. Ms. Robb noted that negotiation on a new contract can begin in January of 2013. Mr. Sinclair said that the Policy & Procedures Committee can be convened to begin tackling and that the issue will be added the agenda for the August meeting.

E. Renewal of Consulting Contracts with Technical Associates and GDS

Ms. Robb said that VEPGA will need to issue an RFP prior to expiration of the current contracts. She recommended that an RFP be issued in the fall so that a consultant could be on board while the FY 2014 budget is being developed. Mr. Sinclair asked Ms. Robb to draft of the RFP for consideration of the board.

VI. Financial Statements

Mr. Sinclair noted that the financial positions were included in the report of the Budget & Finance committee

VII. Current Roster of VEPGA Members

Mr. Lerch reported that he will be researching the signatories to the Joint Powers Agreement (JPA) and provide a list of both current dues paying members and those members that have lapsed their membership through non-payment.

IX. Adjournment

The meeting adjourned at 1:34 pm.

Respectfully submitted,



Joe Lerch
Secretary