

**MARIN ENERGY AUTHORITY
THURSDAY, FEBRUARY 5, 2009
7:00 P.M.**

**MARIN COUNTY EMPLOYMEE RETIREMENT ASSOCIATION,
BOARD ROOM
1 McInnis Parkway, San Rafael, California**

Roll Call

Present: Charles McGlashan, County of Marin, Chair
Shawn Marshall, City of Mill Valley, Vice Chair
Richard Collins, Town of Tiburon
Damon Connolly, City of San Rafael
Christopher Martin, Town of Ross
Lew Tremaine, Town of Fairfax
Barbara Thornton, Town of San Anselmo

Absent: Tom Cromwell, City of Belvedere
Jonathan Leone, City of Sausalito

Staff: Dawn Weisz, Interim Director
Roy Given, Marin County Treasurer Assistant
Jamie Tuckey, MEA Planning Aide
Lauren Houde, Marin County CDA
Greg Stepanicich, Attorney
Jessica Woods, Recording Secretary

Marin County Treasurer Assistant Roy Given conducted the oath of office to Director Chris Martin and Alternate Director Lawrence Bragman.

1. Elect Chair and Vice Chair

M/s, Martin/Tremaine, (7-0-2) to elect Charles McGlashan as Chair of the MEA.
Motion carried unanimously. Directors Cromwell/Leone absent.

M/s, Tremaine/Martin, (7-0-2) to elect Shawn Marshall as Vice-Chair of the MEA.
Motion carried unanimously. Directors Cromwell/Leone absent.

2. Public Open Time

Ed Mainland, Novato resident, recommended that the Board hire a strong energy professional with deep expertise and experience in municipal public power and develop an RFP from independent competitive bids to ensure success in getting quality responses and service providers.

Bob Spofford, Sustainable San Rafael, expressed concern for the timeline in terms of recruiting a full-time executive director.

Robert Freehling, Local Power, very interested in the local benefits of community choice. He recommended prioritizing goals, creating an integrated plan and mapping out the cost of each element.

Peter Waring, Green Building Energy Consultant, stated, “*reduce then produce.*” Review Berkeley FIRST and Smart Solar programs and make funds available to energy upgrades to fit the needs of buildings.

Jack Kaplan, Novato resident, desired a provision for local solar installer contracts for power production in order to develop the local economy.

3. Appoint Interim Director

M/s, Marshall/Thornton, (7-0-2) to appoint Dawn Weisz as Interim Director of the MEA. Motion carried unanimously. Directors Cromwell/Leone absent.

4. Interim Director’s Report

Interim Director Weisz provided the Board with a powerpoint presentation outlining:

- Critical Actions & Decisions
- Timeline
- Current Events – Meetings w/PG&E
- Organizing Committee
- Ad Hoc Advisory Group

In response to questions from Vice-Chair Marshall, Interim Director Weisz advised that staff would be considering local infrastructure and/or investment in local power generation.

In response to questions from Director Tremaine in regard to characterizing PG&E’s conversations, Interim Director Weisz scheduled four meetings within the next three months with PG&E and any proposal will be coming forward to the Board for input and discussion. Staff explained that they are trying to find a way to meet the objectives within that regulatory constraint filled area. The easiest solution would be for PG&E to be the broker and supply the energy. If they could partner together, then they would not need to create a whole new agency.

In response to questions from Chair McGlashan about driving investments to vitalize the local economy, Interim Director Weisz would further discuss under Item 9, but efforts are being undertaken now and funding is allocated to explore the CCA. If the desire is to move in a different direction, then they need to apply for grants, which will be discussed further tonight.

In terms of the Organizing Committee, Interim Director Weisz asked the current Organizing Committee to stay on board for another month, which included the following members: Chair McGlashan, Vice-Chair Marshall, Director Connolly and Director Tremaine. The Organizing Committee agreed.

Interim Director Weisz introduced the Ad Hoc Technical Advisory Group to the Board as follows:

- 1) Tom Sweet, URS Engineering, - Design & Technology; RFP Process
- 2) Jerry Riessen, President O.L.S Energy – Construction, Permitting & Project Management
- 3) Galen Peracca, O.L.S Energy - Construction & Development
- 4) Ruth McDougall, Retired SMUD Senior Staff for Procurement – Municipal Procurement & Operations
- 5) Bill Kissinger, Bingham McCutchen, LLP – Legal, Finance, PPA & Contract Development
- 6) Peter Luchetti, Table Rock Capital LLC – Infrastructure & Clean Energy Private Equity
- 7) Wally McOuat, HMH Resources, Inc. – Finance & Project Development
- 8) Tom Delaney, California Independent Systems Operator - Transmission

In response to comments, Interim Director Weisz spoke with General Manager David Orth from Kings River Conservation District (KRCD) and reviewed the PG&E letter and reiterated that the joint and several liability issue is not currently preventing the JPA from moving forward. More information is available, and efforts currently in San Joaquin Valley are not stalled. KRCD is looking to include more renewables than originally planned.

Interim Director Weisz requested that the Board add an “*Urgency Item*” to the agenda, which would become Agenda Item 8E.

M/s, Tremaine/Martin, (7-0-2) agreed to add “*Urgency Item 8E*” to the agenda as requested by staff. Motion carried unanimously. Directors Cromwell/Leone absent.

5. Review Possible Board Committees

Interim Director Weisz summarized the staff report and explained that in order to facilitate agenda setting prior to monthly meetings, and to allow for focused discussion and review in key areas, the Board may wish to recommend Board Committees. Staff noted that action on any proposed Broad Committees could be taken tonight or deferred to a future Board meeting. Possible Board Committees are as follows:

a. Executive Committee

Executive Committee’s potential role could include the following:

- Agenda review for monthly Board meetings
- Direction and policy advice between Board meetings for the Director
- Review and advise officers of the Agency
- Legislative and regulatory tracking

b. Technical (RFP Review, PG&E Partnership Review, ect.) Committee

Technical Committee’s potential role could include the following:

- Policy matter advice for RFP
- Review RFP

- Review of PG&E proposal
- Development of other AB32 actions and policies

c. Communications Committee

Communications Committee's potential role could include the following:

- Strategize for public input
- Strategize for public education
- Advise/participate in informational sessions to city/town councils

The Board agreed to consider the formation of Executive Committees and other potential committees and provide the Chair information as to who would like to serve on which committee. Chair McGlashan will bring back recommendations at the next meeting.

M/s, Tremaine/Thornton, to approve the creation of all three Board Committees as outlined by staff: Executive Committee, Technical Committee and Communications Committee.

Vice-Chair Marshall noted for the record that these three committees are in place until such time the Board feels they need to be shifted. The Board agreed.

Director Tremaine agreed to serve on the Executive Committee.

Chair McGlashan opened the public hearing on this item.

Richard Schorske, Marin resident, suggested that the Board consider a "*customer relations*" function in regard to the Communications Committee. Chair McGlashan suggested that the Board consider "*Committees of the Whole*," in order to stay connected to customer relations as suggested by the public. If written into their bylaws in advance, then the Committee can convene as a "*Committee of the Whole*." Any recommendations out of that Committee must still come back to the full Board to ratify any decisions.

There being no further public testimony on this item, the Chair closed the public portion and brought the matter back to the Board for action.

Motion carried unanimously (7-0-2). Directors Cromwell/Leone absent.

6. Discussion of Draft Operating Rules and Regulations

Attorney Greg Stepanicich summarized the staff report and recommended that the Board discuss the draft operating rules and procedures and consider and schedule action for March 5, 2009. He then highlighted the key issues for the Board to consider as follows:

- Removal of Director for Cause

"Cause" shall be defined as follows:

- a. Unexcused absences for three consecutive Board meetings
- b. Unauthorized disclosure of confidential information or documents from a closed session or the unauthorized disclosure of information or documents provided to

the Director on a confidential basis and whole public disclosure may be harmful to the interests of the Authority.

- Terms of Office

Annual meeting of the Board shall be held in June of each year to elect the officers of the Authority. Attorney Greg Stepanicich recommended providing the first officers of the Board to serve from today's date through June of 2010.

- Voting Requirements

With respect to non-CCA items, it is a one member, one vote rule. Majority of a quorum could approve an item. With significant items, it is appropriate to require a majority of the entire Board. Otherwise only three members could approve actions taken by the Board. The following must be approved by a majority of the entire Board:

- a. Energy Program or any other authorized activity or program requiring the contribution of monies by individual parties
- b. Approval of the issuance of any bonds or any other financing
- c. Hiring of an Executive Director and General Counsel
- d. Adoption of Annual Budget
- e. Adoption of an Ordinance
- f. Initiation of litigation where the Authority will be the plaintiff, petitioner or cross complainant or cross petitioner
- g. Adoption and amendment of the Operation Rules and Regulations

- Debts, Liabilities & Obligations

Debts, liabilities and obligations of the Authority shall not be debts, liabilities or obligations of the individual parties unless the governing body of a party agrees in writing to assume any of the debts, liabilities or obligations of the Authority.

The Board favored the "*Committee of the Whole*" idea as suggested by the Chair. Chair McGlashan and Vice-Chair Marshall agreed to serve until 2010.

M/s, Tremaine/Thornton, (7-0-2) to direct staff to prepare the Operating Rules and Regulations with the inclusion of "*Committee of the Whole*;" and the extension of first terms of officers to 2010. Motion carried unanimously. Directors Cromwell/ Leone absent.

7. Discussion of Conflict of Interest Code

Attorney Greg Stepanicich summarized the staff report and recommended that the Board direct staff to prepare a local conflict of interest code for adoption at the March meeting.

There being no objection, the Board directed staff to prepare a local conflict of interest code for adoption at the March meeting.

8. Proposed Budget

Interim Director Weisz summarized the staff report and recommended that the Board approve the revised proposed budget as presented.

The Board directed staff to note in the agenda that all meetings are being recorded, and to please use the microphone.

In response to questions from Vice-Chair Marshall regarding startup funds, Interim Director Weisz indicated that the startup funds must be related to CCA.

In response to questions from Vice-Chair Marshall about an integrated budget or separate budget for any grant revenues and any program development, Interim Director Weisz responded that once staff receives confirmation of any grant it will be incorporated into the budget and brought forward for Board review. Also, quarterly reports will be provided on the budget.

In response to questions from Director Connolly about no director related search process, Interim Director Weisz responded that it is included as \$20,000. It was not projected to happen during this calendar year, but January of 2010, which will be approved at a later date. The Board of Supervisors at the County set aside an additional \$170,000 for this project and staff will provide the Board of Supervisors with an update in August. At that time, that money will be added to the budget in the next fiscal year. The \$20,000 was taken out of "*Professional Services-other,*" for the budget of July 1, 2009 to December 31, 2009 which will be discussed further in May.

Chair McGlashan opened the public hearing on this item.

Barbara George, Women's Energy Matters, believed there are two inappropriate partnerships with PG&E: 1) Energy Efficiency Partnership; and 2) RESCO Grant. She wanted the process opened up and flushed out.

There being no further public testimony on this item, the Chair closed the public portion and brought the matter back to the Board for action.

M/s, Tremaine/Thornton, (7-0-2) to approve the revised proposed budget as presented by staff tonight. Motion carried unanimously. Directors Cromwell/Leone absent.

a. Accounting Support

Interim Director Weisz summarized the staff report and recommended that the Board approve draft #2 Scope of Work for the Marin Treasurer, the Marin Auditor-Controller and the Marin County Community Development Agency; and appoint the Marin County Treasurer/Marin County Auditor Controller as the Treasurer for the MEA.

In response to comments from Director Martin about the half-year fee and whether it is all-inclusive with exception of preparing annual financial statements, Interim Director Weisz responded in the affirmative. The fee in the budget covers almost everything with

two exceptions. The independent audit must be conducted by an independent agency; and the treasurer will not be paid for housing the funds, but all other tasks outlined will be incorporated into that line item.

In response to questions from Vice-Chair Marshall in regard to whether the County provides such services for other JPA's in the community, Interim Director Weisz responded in the affirmative. This is a common scenario for many startup JPA's including: Marin Telecommunication Agency, Marin General Service Authority; Marin Emergency Radio Authority; and Transportation Authority of Marin. As they move forward, the Board would slowly be moving away from the County of Marin. Currently, they are starting up and have the potential in the next year to maintain this size or grow dramatically by taking on a CCA project, which means hiring 20 staff members with a budget of \$150 million per year. Staff explained that this will get them through the transitional phase, but it will be revisited in the next six months.

In response to questions from Vice-Chair Marshall regarding quarterly auditor reports, Interim Director Weisz responded that the auditor reports would be received more often.

M/s, Tremaine/Thornton, (7-0-2) to approve the staff recommendation that included approving Draft #2 Scope of Work for the Marin Treasurer, the Marin Auditor-Controller and the Marin County Community Development Agency; and appoint the Marin County Treasurer/Marin County Auditor Controller as the Treasurer for the MEA. Motion carried unanimously. Directors Cromwell/Leone absent.

b. Contract with Navigant Consulting

Interim Director Weisz summarized the staff report and recommended that the Board authorize the Director to execute amended agreement with Navigant Consulting for a total of amount not to exceed \$100,000.

The Board had a lengthy discussion on the Navigant Consultant contract including: length of the contract; limitation on liability; energy efficiency programs; RFP process for energy suppliers; development of local renewables; strong advocacy for local generation; AB32 programming; hiring legal consultant to review power purchase agreements; obligations of County loan; expertise and knowledge of Navigant Consulting; citizen participation in scope through RFP; and possibly having two separate contracts.

Chair McGlashan opened the public hearing on this item.

Rebecca Collins, Fairfax resident, discussed renewables and energy efficiency and noted that the timeline is critical. She further believed they must address global warming. Chair McGlashan responded that they are asking Navigant specifically with respect to MEA to create an RFP that will include categories of action. They are authorizing a contract to organize, to get criteria vetted, argued and baked into the RFP. They are hiring a facilitator to make sure all issues are sorted out and baked in. Interim Director Weisz explained that they are pursuing the business plan based on an initial "*light green*"

product that is 25% renewable; and a “*deep green*” product that is 100% renewable. Tonight they are deciding who will carry them through that technical process.

Richard Schorske, Marin resident, believed they have a resourcing issue and timing with respect to the kinds of expertise needed. He suggested that the Board consider adding an additional \$50,000 to the budget in the first six months in order to provide flexibility to have independent experts review whatever emerges and conduct more research on what is possible in Marin from a technical perspective.

Barbara George, Women’s Energy Matters, desired that a different approach be explored, which is important and necessary for both the Board and Navigant Consulting.

Brent Miller, Novato resident, stated his opinion that as drafted, MEA is extending an unlimited indemnity to Navigant Consulting against losses suffered by Navigant arising out of its performance of its contract with MEA. In the event that MEA takes an off-ramp and does not implement its plans to provide energy in Marin, MEA will have no way to fund its liability undertaken in that indemnity.

SPC Solar representative believed the RFP should push limits and have CCA achieve those goals beyond just what the CSI is and private investment, but have local solar.

Marin resident stated that it is unlikely that the services discussed will be addressed in one RFP because the market is not structured in that fashion. It may be one RFP and many different service providers to provide many different services and more contracts. He suggested that the Board sequester itself on a Saturday to receive a series of updates on the market structure, vendors, and who is likely to respond for which product, in what sector and for what service.

Consultant John Dalessi discussed the business plan and described two stages for resource supply planning as follows:

- Stage 1: ESP Contract “*Buy*”
 - RFP Process
 - Contract Deliveries
- Stage 2: Asset Ownership “*Build*”
 - Resource Identification & Development
 - Generation Production/Contract Deliveries

Director Connolly suggested broadening the RFP process to include a more holistic approach of various aspects. Ad Hoc Advisory Member noted that the role of the Board is a holistic approach attacking a number of different fronts to achieve energy objectives, but facilitating different entities and different parties, not specifically one person.

Ad Hoc Advisory Member Ruth McDougall strongly encouraged the Board to go for the \$63 million grant because that kind of money is needed for energy efficiency and renewables. Energy efficiency should be a parallel path. Renewables is very competitive right now and energy efficiency should be a higher priority than renewables.

Peter Warning, Green Building Energy Consultant, pointed out that energy efficiency pays for itself. By saving energy, they are saving money and that will more than pay back the loan to do it.

Barbara George, Women's Energy Matters, suggested financing both renewables and energy efficiency portions because with a longer contract, there will be a lower rate.

There being no further public testimony on this matter, the Chair closed the public portion and brought the matter back to the Board for action.

M/s, Thornton/Marshall, to authorize the Director to execute an agreement with Navigant Consulting for a total amount not to exceed \$100,000 subject to the revisions proposed with respect to insurance, indemnification and timeline.

Vice-Chair Marshall wanted to ratify the motion to affirmatively state, "*the Board's commitment to pursuing energy efficiency and other programming as soon as funding is available.*" Thereafter, the maker of the motion agreed with that amendment.

Motion carried unanimously (7-0-2). Directors Cromwell/Leone absent.

c. Contract with Richards, Watson & Gershon

Interim Director Weisz summarized the staff report and recommended that the Board authorize the Director to execute agreement with Richards, Watson & Gershon for a total amount not to exceed \$50,000.

M/s, Collins/Martin, to authorize the Director to executive the agreement with Richards, Watson & Gershon for a total amount not to exceed \$50,000.

Director Tremaine suggested an amendment to the motion that all access to the Attorney goes through the Chair to staff. Thereafter, the maker and seconder of the motion, agreed to revise the motion to include that amendment.

Motion carried unanimously (7-0-2). Directors Cromwell/Leone absent.

d. Authorization to Complete and Submit RESCO Grant, Approve Letter of Support for RESCO Grant

Interim Director Weisz summarized the staff report and recommended that the Board authorize the Director to complete and submit RESCO grant proposal to further develop local renewable energy and energy efficiency resources within the Marin communities; approve the letter of support for Marin RESCO proposal; and approve the resolution authorizing the submittal of a RESCO grant proposal.

Chair McGlashan opened the public hearing on this item.

Barbara George, Women's Energy Matters, stated that guidelines for energy efficiency are needed for contractors to bid into a procurement resource. They must save power at peak periods of the day and target energy in a particular way to save need for renewables. She noted that it is not a one size fits all and appreciated an opportunity to meet with the Board to hear new ideas.

Ad Hoc Advisory Member believed grass roots involvement would be wonderful in development of the RFP and suggested approving the contract with a small sub-contract for expert efficiency consulting.

Peter Waring, Green Building Energy Consultant, pointed out that they need well-developed performance experts to advise on how to tackle existing buildings, and cost effective ways of saving energy. Smart Solar in Berkeley is "*Save First*" and then produce renewables.

Richard Schorske, Marin resident, felt this is an incredibly tight budget and suggested that the Board add another \$50,000 to the budget to further explore this matter. This is the most important decision this Board will make and corners should not be cut. He asked that they find the money and bring in a variety of individuals together quickly to work on this matter.

Robert Freehling, Local Power, discussed integrated resource planning and whether or not to have a single contactor or sub-contractor and believed the implementation plan should include all these elements. The contract can be structured in different ways. He suggested putting out matters to bid and rely on the creativity of the market, but the Board should apply to the administrators of these funds and request energy efficiency funds.

Tom Sweet, URS Consultant, stated that it is critical to front end load the logic and understanding of stakeholders and funnel as quickly as possible to capture the big picture. They must focus on decision quality. He recommended starting with a "*not to exceed*" amount for the consultant to begin work with the understanding it is month-by-month. Refine the tasks to make it clear, so all are on the same page. Build in controls and inputs from various stakeholder groups and build comfort that value is being achieved long-term. They must balance their time in order to build into the process the ability to slow down or move faster if it brings value.

Kiki LaPorta, President, Sustainable Marin, stated that energy efficiency is a vague term. Use less and there is less impact. She asked that all deliberate efforts be used to make sure they are maximizing efforts to reduce.

Ad Hoc Advisory Member Tom Delaney stated that they have a lot of people that have a sense of urgency. Education is needed. It takes a lot of megawatts to insulate a home. It is better to set a goal on megawatts and conservation and work toward achieving that goal. Consultant John Dalessi has been in the business a long time. It will take time and there are several places to audit. It is easier to go out and enumerate the megawatts wanted in

generation, but the question is how much, how fast and how soon and that happens over time. He noted that the Board would not be short of opinions. He further stated that PG&E does not run the grid and utilities do provide credits to those that provide local generation.

There being no further public testimony on this matter, the Chair closed the public portion and brought the matter back to the Board for action.

M/s, Tremaine/Thornton, (7-0-2) to authorize the Director to complete and submit RESCO Grant proposal to further develop local renewable energy and energy efficiency resources within the Marin communities in a bifurcated way as outlined by staff; approve the letter of support for Marin RESCO proposal; and approve the Resolution authorizing the submittal of a RESCO grant proposal. Motion carried unanimously. Directors Cromwell/Leone absent.

e. Urgency Item – Federal DOE Grant Proposal

Interim Director Weisz summarized the staff report and recommended that the Board authorize the Director to complete and submit the Federal DOE proposal and approve letter of support attached to the submittal.

M/s, Tremaine/Marshall, to authorize the Director to complete and submit the Federal DOE proposal and approve the letter of support.

Marin resident is very impressed with this process tonight, but expressed concern for RESCO grant being embedded with PG&E and asked that they create a process to consider other applicants as partners. Interim Director Weisz responded that the reason for partnership is the focus on smart grid applications.

Director Collins suggested replacing the word, “*partner.*” Chair McGlashan directed staff to think about other partners as they pursue this as well as with the RFP process.

Motion carried unanimously (7-0-2). Directors Cromwell/Leone absent.

9. Technical Update

- a. Outline Main Categories of RFP in Preparation for a Draft**
- b. Update on MUNI Renewable Projects Underway**
- c. Report on PUC Activities**

The Board continued this item to the March meeting.

10. Communication

- a. Proposed MEA Letterhead & Business Cards**

M/s, Collins/Tremaine, (7-0-2) to approve the proposed MEA letterhead. Motion carried unanimously. Directors Cromwell/Leone absent.

Chair McGlashan provided staff with edits in regard to titles and emails addresses.

Kiki LaPorta, President, Sustainable Marin, wanted to make sure the public receives all information, reports, meeting minutes and supplemental materials. Interim Director Weisz indicated that all board packets and staff reports are available at:
www.marincleanenergy.com

M/s, Collins/Marshall, (7-0-2) to approve the MEA Business Cards as amended. Motion carried unanimously. Directors Cromwell/Leone absent.

b. Website & Other Public Information Tools

Interim Director Weisz asked the Board to approve the following website:
www.marinenergyauthority.org

M/s, Thornton/Collins, (7-0-2) to approve the MEA Website as outlined above. Motion carried unanimously. Directors Cromwell/Leone absent.

Kiki LaPorta, President, Sustainable Marin, suggested shortening the website address. She also believed the website addresses should be added to the MEA business cards as well as letterhead.

c. Continued Interface with Councils

The Board continued this item to the March meeting.

11. Board Members & Staff Matters – None

12. Adjournment

By order of the Chair, the meeting was adjourned at 11:39pm.

ATTEST:

Charles McGlashan, Chair

Dawn Weisz, Interim Director