

**MARIN ENERGY AUTHORITY
THURSDAY, FEBRUARY 4, 2010
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
Damon Connolly, City of San Rafael
Tom Cromwell, City of Belvedere
Jonathan Leone, City of Sausalito
Jeff Slavitz, Alternate, Town of Tiburon
Lew Tremaine, Town of Fairfax
Barbara Thornton, Town of San Anselmo

Absent: Richard Collins, Town of Tiburon

Staff: Dawn Weisz, MEA Interim Executive Director
Beth Rasmussen, MEA Project Manager
Jamie Tuckey, MEA Project Coordinator
Greg Stepanicich, General Counsel
Jessica Woods, Recording Secretary

Chair McGlashan announced that there is no reportable action from the closed session.

1. Public Open Time – None

2. Interim Director's Report

Interim Director Dawn Weisz reported on the following items:

- MEA Implementation Plan for MCE was approved by CPUC on February 2nd
- Fairfax Council discussed providing additional security for MEA loan
- Discussions with CPUC regarding execution of Service Agreement with PG&E are under way

3. Consent Calendar:

C-1. Approval of Minutes from Regular Meeting on 1-04-10

C-2. Second Addendum to Contract with Richards, Watson & Gershon

Chair McGlashan asked for a motion.

M/s, Tremaine/Thornton (passed 8-0-1) to approve the Consent Calendar as submitted.
Collins absent.

4. Approval of Resolution No. 2010-01 Honoring Chris Martin

Chair McGlashan read Resolution No. 2010-01 into the record, honoring former MEA Board Member Christopher Martin for his dedication and devotion to MEA.

Chair McGlashan asked for a motion.

M/s, McGlashan/Thornton, (passed 8-0-1) to approve Resolution No. 2010-10, honoring former MEA Board Member Christopher Martin. Collins absent.

5. Approval of Power Purchase Agreement with Shell Energy North America

Interim Director Weisz forwarded the preliminary determination to the Board regarding how to treat the contract for purposes of CEQA. The Environmental Coordinator, after taking into account the comments submitted regarding the initial recommendation, recommends that the Board find that:

- 1) The contract does not constitute a project, as defined by CEQA; and,
- 2) Even if the contract is a project, it would be exempt from CEQA for the following separate and independent bases:
 - a. The contract is exempt from CEQA pursuant to CEQA Guidelines Section 15061(b)(3) because it is covered by the general rule that CEQA only applies to projects that have the potential for causing a significant impact on the environment and it can be seen with certainty that there is no possibility that the contract may have a significant effect on the environment; and,
 - b. The Authority, acting in a regulatory capacity, drafted the contract to serve as a regulation for the protection of natural resources, and specifically, to reduce greenhouse gas production and the resultant impacts to natural resources resulting from climate change.
- 3) Approve the final SENA - MEA EEI Master Power Purchase and Sale Agreement, Cover Sheet and Confirmation to provide electric power supply services to serve retail electric customers that will participate in the MCE Program; and
- 4) Authorize the Chair to execute the contract subject to final pricing from supplier that is in compliance with Resolution No. 2009-07.

If the Board determines that the contract is not subject to CEQA and approves the contract, staff will prepare and file a Notice of Exemption. Staff then noted an addition, which is Section 2.3 of the Confirmation as provided in the supplemental staff report, for consideration. Section 2.3 is designed to ensure that the net amount of GHG emissions attributable to the MCE program is less than the GHG emissions from PG&E's energy supply. This provision of the agreement ensures that the MCE program will not result in any adverse impact to the environment by ensuring that MCE will result in a decreased amount of GHG emissions than PG&E, if its service were to be maintained during the contract period.

Chair McGlashan declared the hearing open to receive public testimony.

Member of the public desired a level playing field for both MEA and PG&E.

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

Chair McGlashan asked for a motion.

M/s, Connolly/Marshall, (passed 8-0-1) to make the environmental determinations and approve the CEQA Findings. Collins absent.

M/s, Marshall/Thornton (8-0-1) to approve the Master Power Purchase Agreement & Sale Contract and authorize Chair McGlashan and Interim Executive Director Weisz to execute the Contract. Collins absent.

The Board thanked their great staff, experts, members of the public and the community for all their hard work.

6. Approval of Loan Documents

Interim Director Weisz and Project Manager Rasmussen summarized the staff report and recommended that the Board direct staff to finalize Unsecured Promissory Notes and authorize Interim Director Weisz and Chair McGlashan to execute Unsecured Promissory Notes. Staff further added new Section No. 11 to the Note as follows:

“Limited Obligation. This Note is a limited obligation of Borrower payable only from the rate revenues of Borrower, monies received under the Parity Indebtedness, and any future financing obtained by Borrower to satisfy its obligations under Section 2 of this Note.”

Director Leone noted a few revisions to the Note for staff and the Board’s consideration.

Chair McGlashan declared the hearing open to receive public testimony.

Member of the public thanked the Board and appreciated their efforts.

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

Chair McGlashan asked for a motion.

M/s, Tremaine/Thornton, (passed 8-0-1) to adopt the Resolution including Section No. 11 as indicated by staff and subject to the final revisions discussed. Collins absent.

7. Technical Committee Board Representative

Director Connolly summarized the staff report and recommended that the Board appoint Director Collins to serve as the fourth member of the Technical Committee.

Chair McGlashan asked for a motion.

M/s, Connolly/McGlashan, (passed 8-0-1) to appoint Director Richard Collins as the fourth member of the Technical Committee. Collins absent.

8. Rate Setting

Navigant Consultant Dalessi presented the Board with a PowerPoint presentation on MEA's rate structuring for Board consideration that included the number of rates offered, types of charges, rate levels and options such as a net energy metering. Dalessi encouraged the Board to organize public workshops in order to receive public input to establish a policy for net metering rates in a relatively short term. The Board deferred the matter to the Technical Committee, but desired an application process in order to have experts in the field as well as volunteer citizens serving on the committee. The Board further desired a more iterative format in regard to discounts for low income, economic development, demand response, net energy metering and retention.

Chair McGlashan declared the hearing open to receive public testimony.

Members of the public who own or will be purchasing electronic vehicles are looking forward to an EV rate and hopes the Board can accelerate the implementation of that.

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

Chair McGlashan asked for a motion.

M/s, Connolly/Tremaine, (passed 8-0-1) to approve the Rate Setting as recommended by the Technical Committee. Collins absent.

9. Opt-Out Procedure

Interim Director Weisz summarized the staff report and recommended that the Board authorize staff to provide opt-out notices to Phase I customers as required by CPUC regulations.

Chair McGlashan declared the hearing open to receive public testimony.

Member of the public recommended looking at the details as well as the general principles of the phases. Provisions must be in place so individuals can check their status.

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

The Board expressed support for the idea that individuals can check their status. Interim Director Weisz noted that PG&E has a mechanism in place and a similar mechanism could be established through MEA.

Chair McGlashan asked for a motion.

M/s, Slavitz/Thornton, (passed 8-0-1) to authorize staff to provide opt-out notices to Phase 1 customers as required by CPUC regulations. Collins absent.

10. Approval of Data Services Agreement with Sempra Energy Solutions

Navigant Consultant Dalessi summarized the staff report and recommended that the Board approve the Data Services Agreement with Sempra Energy Solutions as recommended by the Technical Committee.

Director Leone noted a few revisions to the contract for staff's consideration. General Counsel Stepanicich agreed to review.

Chair McGlashan declared the hearing open to receive public testimony, and seeing no one wishing to speak, the Chair closed the hearing and brought the matter back to the Board for action.

Chair McGlashan asked for a motion.

M/s, Tremaine/Thornton, (passed 8-0-1) to approve Data Services Agreement with Sempra Energy Solutions as recommended by the Technical Committee including the non-recourse language as discussed and subject to any final revisions. Collins absent.

11. MEA Financial Advisor

Project Manager Rasmussen summarized the staff report and recommended that the Board authorize staff to undertake informal financial advisor interviews and, with the assistance of the Board volunteers, formally interview the recommended firms. Director Leone agreed to volunteer to conduct formal interviews.

Chair McGlashan declared the hearing open to receive public testimony, and seeing no one wishing to speak, the Chair closed the hearing and brought the matter back to the Board for action.

Chair McGlashan asked for a motion.

M/s, Connolly/Cromwell, (passed 8-0-1) to authorize staff to undertake informal financial advisor interviews. Collins absent.

12. MEA Communications

Project Coordinator Tuckey summarized the staff report and recommended that the Board authorize staff to undertake informal communication specialist interviews and, with the assistance of the Board volunteers, formally interview the recommended firms. Vice-Chair Marshall and Director Tremaine agreed to volunteer to conduct formal interviews.

Chair McGlashan declared the hearing open to receive public testimony, and seeing no one wishing to speak, the Chair closed the hearing and brought the matter back to the Board for action.

Chair McGlashan asked for a motion.

M/s, Tremaine/Marshall, (passed 8-0-1) to authorize staff to undertake informal communication specialist interviews. Collins absent.

13. MEA Rules & Policies

Project Manager Rasmussen summarized the staff report and recommended that the Board approve the Rules & Policies that relate to fees, establishing and re-establishment of deposit, customer confidentiality and bad debt.

Director Leone suggested a few revisions for staff's consideration. The Board believed the opt-out notices should include a reminder to the general ratepayers about returned deposits. Chair McGlashan recommended removing "*commercial paper rate*" and substitute with "*government payment rate applicable in Marin County.*" Staff agreed.

Chair McGlashan declared the hearing open to receive public testimony, and seeing no one wishing to speak, the Chair closed the hearing and brought the matter back to the Board for action.

Chair McGlashan asked for a motion.

M/s, Leone/Thornton, (passed 8-0-1) to adopt the Rules & Policies as discussed including the Board's revisions. Collins absent.

14. Board Member & Staff Matters

Vice-Chair Marshall thanked all the advocates and encouraged them to communicate the reality of MCE and the facts about Proposition 16 in order to have a successful program.

Chair McGlashan discussed a flyer being distributed by Commons Sense Marin coming from PG&E and read a letter from the United States Sierra Club Executive Director supporting implementation of MCE. He then asked staff to add an agenda item to discuss "*Errors and Omissions Insurance.*"

15. Adjourn

By order of the Chair, the meeting adjourned at 9:54 p.m.

ATTEST:

Charles McGlashan, Chair

Dawn Weisz, Interim Director