

MINUTES OF MEETING

BOARD OF DIRECTORS

PENNSYLVANIA ENERGY DEVELOPMENT AUTHORITY

April 25, 2006

Board members present:

Sec. Kathleen A. McGinty, Chairman
Rep. Gibson Armstrong, Secretary
Ray Bologna
Virginia Brown
Dave Callen, designee for Rep. Peter J. Daley, II
Ty Christy, Treasurer
Cheryl Cook, designee for Sec. Dennis Wolff
Romulo Diaz (via telephone)
Steve Drizos, designee for Sec. Dennis Yablonsky
Joseph Dworetzky (via telephone)
Tanya McCloskey
Frank Sparrow, designee for Chairman Wendell F. Holland
Paul Wentzel, designee for Sec. Bill Schenck
Sen. John Wozniak (via telephone)

DEP Staff:

Daniel J. Desmond
Jeanne J. Dworetzky Esq., Executive Director
Lawrence L. Middleton
Joseph R. Powers
William W. Shakley, Esq.
Eric Thuma
Patrick Bair, Esq.

Public

Melanie Clark
David Runyon
Kimberly Joyce
Teresa Copenhaver

Bill Cline
John Kunkle
Paul Van Osdol
Maurice Murphy

Call to order and Welcome of New Members

The Secretary called the meeting to order at 2:00 pm.

The Secretary began the meeting with introductions of the PEDAs Board Members. In addition to the PEDAs Board Members and DEP staff, 8 individuals from the general public attended the meeting.

Meeting minutes from the January 11, 2006 meeting

The board considered the draft minutes from its January 11, 2006 meeting, which had been circulated to them previously by the Executive Director, Jeanne Dworetzky. No comments were offered on the draft. Virginia Brown made a motion to approve the minutes and Steve Drizos seconded the motion, which was carried unanimously.

Report on Audits

Ms. Dworetzky briefed the board on her meeting with staff from the Auditor General's Office regarding the audit schedule. At the January 11 meeting, the board had discussed having audits biennially as recommended by the Auditor General's office, rather than annually as initially discussed. Biennial audits will save significant money for PEDAs as well as manpower resources for audits by the Auditor General. Minor changes to the PEDAs bylaws were required to reflect that schedule. The proposed changes to Article 4.7 and Article 5.3 of the bylaws were read and a motion to approve the changes was made by Dave Callen, seconded by Ty Christie and carried unanimously. The form of the changes are attached to and made a part of these minutes.

Status Report on first Round Projects

Ms. Dworetzky briefly reviewed the status of the first round projects. Sixteen projects were funded on June 23, 2005 for round 1. Three of those projects have been completed:

Community Energy/Bear Creek
AFC First Financial
PPL/Turkey Hill

The majority of the Round 1 projects are on schedule, however, delays in equipment deliveries caused by Hurricane Katrina affected some of the project schedules. Of the \$6.5 million available for round 1, \$3.24 million has been spent to date.

Round 1A represents \$8.5 million comprised of \$3.5 million from Round One and \$5 million from the Growing Greener II bond initiative (GGII). There are 24 grants and one loan (\$750,000). The loan is scheduled to close on May 11, 2006. Several grants are fully executed, with the remainder still in the execution process. Ms. Dworetzky noted that if anyone is interested in going to see any of the projects, PEDAs could help arrange that.

Consideration of Revised Guidelines

The Secretary opened the discussion of the new PEDA Guidelines being shared with the board. She emphasized that the Department has combined the PEDA and Energy Harvest Grant applications into a single form, although the guidelines for each program will remain separate. That was done in order to simplify the administrative functions of both programs and to utilize staff more efficiently for the project reviews.

PEDA's funding for this round comes from GGII, which requires that the funds be used for capital projects. On the other hand, Energy Harvest funding comes from different funding sources and is not as limited. Ms. Dworetzky reviewed the changes in the guidelines from the previous round noting that most of the changes are due to the different requirements to which GGII funding is subject.

Project priorities for this round are:

- Solar PV projects,
- Clean alternative fuels for transportation, and
- Distributed generation for critical public infrastructure.

Mr. Callen indicated that there is potentially confusing language between the first two sections referring to funding versus financing. Ms. Dworetzky stated that she would review the document and provide clarification. She further emphasized that no loans will be available in this funding round. Only grants are available.

Secretary McGinty called for a vote to approve the guidelines with changes resulting from Mr. Callen's comments. A motion to approve the minutes was made by Representative Armstrong, seconded by Virginia Brown and carried unanimously.

Consideration of the Energy Development Plan

Ms. Dworetzky provided an introduction and brief history of the development of the draft Energy Development Plan. She then briefly reviewed the components of the plan with emphasis on the Policy Objectives and Guiding Principles sections. The Secretary stated that the plan represents a collective strategy to provide incentives for the full array of advanced energy sources.

Mr. Dworetzky stated that although the plan is excellent overall, it does not contain much information concerning consumer education. He felt that education should be part of it. The Secretary indicated that some educational activities may not be eligible for funding under GGII but the educational issues are worth considering.

Mr. Callen asked whether the plan must be published. Ms. Dworetzky stated that although publishing is not required, she recommended that the board issue the draft plan

for public comment because the comments might generate helpful ideas and because that would give the final document extra credibility.

Mr. Armstrong stated that although public education is important, he believes that if PEDA focuses on too much it will focus on nothing. He suggested that the board continue to focus on good projects and suggested further that it would be difficult to determine whether educational objectives are being met.

Mr. Sparrow noted that consumer education could be a slippery slope pointing out an editorial cartoon, which lampooned energy.

Mr. Christy commended PEDA staff, particularly Ms. Dworetzky for putting the plan together.

A motion to approve the draft plan to be issued for a public comment period of sixty days was made by Virginia Brown, seconded by Dave Callen and carried unanimously.

Administrative Matters

The Secretary asked Deputy Secretary Desmond to comment on the upcoming National Renewable Energy Laboratory (NREL) Conference scheduled for October 24 – 26, 2006 in Philadelphia. The conference is open to anyone interested in promoting renewable energy. It is also an opportunity for projects and programs to be exposed to venture capital and angel funds. A select number of Pennsylvania firms will be invited to participate. The Department of Community and Economic Development will be providing \$15,000 to support and fund the conference. PEDA has been asked to provide an additional \$15,000. A motion to approve the expenditure of \$15,000 to sponsor the NREL Conference in Philadelphia was made by Mr. Diaz, seconded by Mr. Drizos and carried unanimously.

Secretary McGinty stated that the next PEDA solicitation is scheduled to open May 8, 2006. The Governor will be moving to authorize Pennsylvania's next bond tranch in June 2006, and PEDA will be receiving a share of the proceeds for this solicitation.

The Secretary noted that on January 11, 2006, the board had approved a grant to Southwest Windpower to provide 15 of its newest small wind turbines for Pennsylvania local governments, municipalities and school districts. PEDA has opened a mini-solicitation so that governmental entities and municipalities can apply to receive the turbines and basic installation free of charge. There has been an overwhelming response to the solicitation; PEDA staff, with input from the vendor, will select the best applications to receive a turbine.

Pennsylvania has been asked to host the AWEA Conference in Pittsburgh on June 4 – 7, 2006. There will be an opportunity to tour the new Gamesa Facility. Local government officials have an opportunity to participate to learn about wind. Scholarships will be made available for the first 50 or 60 municipal applicants.

The Secretary reminded the board that there is still room for participation on various committees, including the Audit Committee. It was noted that the Board is not legally required to have an Audit committee. Any of the board members interested in volunteering for committee should see Ms. Dworetzky. Ms. Dworetzky noted that the Technical Committee has been functioning and involved in reviewing applications.

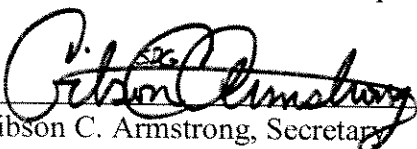
Next Steps for PEDA

Secretary McGinty noted that the next meeting would be scheduled for late September or early October 2006. The primary task will be review of project recommendations.

Public Comment

No public comment was offered.

The meeting adjourned at 2:55 pm.



Gibson C. Armstrong, Secretary

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Date