

NJPPA Meeting Agenda

10:30 AM April 27, 2017

Borough of Madison Municipal Building

1. Call to Order and Reading of Required Statement:
“Notice of this meeting was published in the Star-Ledger on February 15, 2017 and displayed by Authority members in their municipal offices.”
2. Roll Call
3. Approval of Minutes of the Regular Meeting of January 26 2017, the Special Meeting of February 22, 2017 and the Executive Session of February 22, 2017 (enclosures).
4. Payment of Claims (none)
5. Treasurer’s Report (none)
6. Approval of Slate of Commissioners (attachment)
7. Election of President (attachment)
8. Executive Director’s Report (enclosures)
9. Unfinished Business (none)
10. New Business:
 - a. Generation project (attachment)
 - b. Behind the meter generation (attachment)
 - c. PJM Collateral (attachment)
 - d. Consideration of RFQs for Professional Services (attachment)
11. Next meeting: July 20, 2017 10:30 AM. Borough of Madison Municipal Building, Hartley Dodge Memorial, 50 Kings Road, Madison, NJ 07940
12. Adjourn

ATTACHMENTS

Item 6. Approval of Slate of Trustees. Each local governing body must designate a Commissioner and may designate an Alternate Commissioner to serve on the Board of Commissioners. The current list of members and commissioners include John Lillie of Vineland; William Akers for the Borough of Seaside Heights; Donna Mull for the Borough of Pemberton; Jim Burnet for the Borough of Madison; Jim Lampmann for the Borough of Butler; Denise Biancamano for the Borough of Milltown; Bill Beattie for the Borough of Park Ridge; Jim Borowski for the Borough of Lavallette; Joe Zanga, for the Borough of South River was named as the alternate Commissioner and indicated he will serve as “interim” South River Representative until a replacement could be named in the near future.

Item 7. Election of President. According to the bylaws, ARTICLE V, Section 7 Vacancies; A vacancy in any office may be filled by the Board of Commissioners by the election of a successor to hold office for the unexpired terms of the officer whose position is vacant and until a successor is chosen and qualified. A new President needs to be elected.

New Business:

Item 10 a. Generation Development. We met with a representative of natural gas generation development company in the Butler office. The project will be sited within New Jersey and could be structured as an equity investment or a Purchase Power Agreement. We are awaiting more information on the structure and potential pricing. I recommend the Board pursue analyzing the feasibility of this project for the membership.

Item 10 b. Behind the Meter Generation (“BTM”). We had a phone conversation with a generation development company that specializes in smaller scale BTM generation projects in PJM. BTM (aka Distributed Energy Resources) can be used to net against load for energy, capacity, transmission service, ancillary services and PJM administrative fees. As I recommend the Board pursue generation development projects, I also recommend the Board pursue behind the meter generation development projects as significant cost savings could be achieved.

Item 10.c. PJM collateral. In early April, 2017, PJM sent emails to several of our members within the JCPL territory requesting a potential posting of collateral for negatively values ARR’s. I spoke to PJM’s Treasury dept. and got PJM to agree to hold off on any collateral call until at least after the PJM FTR auction was concluded (as the ARR values were not known at the time and PJM was basing the estimated value on 3 years of historical data). PJM agreed to temporary waive the collateral call. A few days later, PJM informed me (as I initially suspected) the ARR’s were no longer negatively valued and no collateral call would be forthcoming at this time. However, PJM also informed me that they don’t believe our members are exempt from future collateral calls. I recommend to the Board that we work with Jill Barker to pursue any alternatives to PJM’s credit policy and potential collateral calls in the future for the members.

Item 10.d. Consideration of RFQ for Professional Services. The Authority may want to consider if an RFQ for energy services commencing on or around June 1, 2017 is feasible and should be prepared and sent to prospects for consideration. At present, these services are provided under contracts between members and the provider. As envisioned, the Authority would provide these services for all members as a single-point of contact in the markets.

MINUTES

New Jersey Public Power Authority

January 26, 2017

The meeting at the Borough of Lavallette Municipal Building was called to order at 1:00 PM by Fred Carr, Borough Administrator of the Borough of South River. Carr stated, "Notice of the meeting was provided by prospective Authority members to their newspaper of record not less than 48 hours in advance of the meeting. Notice was not provided by the Authority as this was its initial formation meeting following approval to form by unanimous vote of the Local Finance Board on October 19, 2016.

In addition to Carr, the following were present for the meeting: William Akers for the Borough of Seaside Heights; Donna Mull for the Borough of Pemberton; Jim Burnet (via phone) for the Borough of Madison; Jim Lampmann for the Borough of Butler; Denise Biancamano for the Borough of Milltown; Bill Beattie for the Borough of Park Ridge; Jim Borowski for the Borough of Lavallette. The City of Vineland was not represented. Jim Jablonski executive director of the Public Power Association of New Jersey was also present.

There were no minutes, claims, or treasurer report for consideration.

The following municipalities, having enacted the required ordinance in support of formation of the New Jersey Public Power Authority and found to have met the requirements for Authority membership under N.J.S.A. Ann. 40A:66-1, *et seq.* were admitted as members: The Boroughs of Butler, Lavallette, Madison, Milltown, Park Ridge, Pemberton, Seaside Heights, and South River. Admission of the City of Vineland is pending second and final reading of the required ordinance and is scheduled before the Mayor and Council on Tuesday, February 7, 2017.

The following persons, having been duly appoint by their local governing bodies were admitted as members of the Authority Board of Commissioners: William Akers for the Borough of Seaside Heights; Donna Mull for the Borough of Pemberton; Jim Burnet (via phone) for the Borough of Madison; Jim Lampmann for the Borough of Butler; Denise Biancamano for the Borough of Milltown; Bill Beattie for the Borough of Park Ridge; Jim Borowski for the Borough of Lavallette. Admission of a commissioner to represent the City of Vineland is expected to follow adoption of the required ordinance by the City Council on February 7, 2017.

Borowski made a motion to elect the following slate of officers: Fred Carr, president; Donna Mull, vice-president; Jim Lampmann, Treasurer; and Bill Beattie, secretary; that nominations be closed; and that a unanimous ballot be cast for this initial election. Burnet offered a second to the motion and the voice vote was unanimous.

As this was the formation meeting of the Authority no minutes, claims, or Treasurer's Report were available for action.

There was no Executive Director's Report or Unfinished Business.

New Business:

Resolution 2017-1 to Adopt Authority Bylaws as approved by the Local Finance Board was moved by Akers. Mull seconded the motion. Akers expressed concern with language in Article V Officers, Section 8 – Removal and Article VI Executive Director, Section 6 – Further Duties and Authority. The consensus of those present was that amendments would be considered in the future. The voice vote to adopt the Resolution was unanimous.

Per Article V Officers, Section 5 – Secretary, Jablonski was directed by Secretary Beattie to record minutes of the meeting.

Resolution 2017-2 to Appoint an Executive Director was tabled until a special meeting to be scheduled in February. A motion was made by Biancamano. Lampmann offered a second to the motion. The voice vote was unanimous.

Resolution 2017-3 Designating Legal Depositories of the Authority for 2017 was moved for adoption by Lampmann. Biancamano offered a second to the motion. The voice vote was unanimous.

Resolution 2017-4 to Set Meeting Dates was moved for adoption by Lampmann and seconded by Biancamano. The Resolution was amended to set a Special Meeting for February 22, 2017 for 10:30 A.M. at the Borough of Butler Electric Department Offices at 12 Bellevue Avenue, Butler, NJ. Lampmann moved the amendment and Biancamano offered a second. The voice vote on the amendment was unanimous. The voice vote on the Resolution was unanimous.

Lampmann moved that the agenda be amended to allow consideration of Resolutions 2017-5 to Secure Banking, Bookkeeping, and Related Services; 2017-8 to Secure Agreement to Provide a Registered Office; 2017-9 to Secure Provision of Payroll Services and Benefits for the Executive Director; and 2017-10 to Secure a Crime Policy (Surety Bond). Biancamano seconded the motion. The voice vote was unanimous.

Lampmann made a motion that Resolutions 2017-5, 2017-8, 2017-9, and 2017-10 be combined under Resolution 2017-13 to Secure an Inter-Municipal Agreement between the Borough of Butler and the Authority for Banking, Bookkeeping, and Related Services; Provision of a Registered Office; Provision of Payroll Services and Benefits for the Executive Director; and Provision of a Crime Policy (Surety Bond). Biancamano seconded the motion. The voice vote to create Resolution 2017-13 was unanimous. A voice vote to adopt Resolution 2017-13 was moved by Lampmann followed by a second from Biancamano. The voice vote to adopt 2017-13 was unanimous.

Resolution 2017-6 to Secure Statutory Compliance Services was moved for adoption by Lampmann and a second by Biancamano. Mull and Beattie offered to provide these services to ensure that the Authority comply with applicable statutes -- especially the Open Public Meetings and Open Public Records Acts. Lampmann moved that 2017-6 be amended to

memorialize the offer. Biancamano seconded the motion. A voice vote on the amendment was unanimous. A voice vote to adopt the amended resolution was unanimous.

Resolution 2017-7 to Issue and RFQ for Legal Services was moved for adoption by Lampmann. A second was offered by Biancamano. The voice vote was unanimous.

Resolution 2017-11 to Authorize Execution of Inter-Municipal Agreements Between the NJPPA and Members was tabled following a motion by Beattie and a second offered by Borowski. The voice vote was unanimous.

Resolution 2017-12 to Adopt 2017 Budget and Assessments was tabled following a motion by Akers and a second by Mull. The voice vote was unanimous.

The Commissioners discussed membership in standing committees as required under Article VII of the bylaws. These include the Executive Committee, the members of which are Authority officers. The remaining standing committees are: Finance, Administration, and Power Procurement. It was the consensus of the Commissioners that each should study Article VII and return to the next meeting to finalize membership in each.

It was the consensus of the Commissioners that the Proposal for Risk Assessment Services offered by ACES should be reviewed by an executive director to begin employment on April 3, 2017.

Lampmann made a motion to adjourn. Mull seconded the motion. The vote was unanimous.

Respectfully Submitted,

/James A. Jablonski/

On behalf of the Secretary.

MINUTES

New Jersey Public Power Authority

February 22, 2017

The meeting at the Borough of Butler Electric Offices, 12 Belleview Avenue, Butler, NJ was called to order at 10:45 AM by President Fred Carr. Carr read the following statement, "Notice of this special meeting was published in the Star-Ledger on February 15, 2017 and displayed by Authority members in their municipal offices."

Carr advised the Commissioners to post each notice of Authority meetings in the usual and customary location for such postings in their municipal buildings.

In addition to Carr representing the Borough of South River, the following were present: William Akers for the Borough of Seaside Heights; Donna Mull for the Borough of Pemberton; Jim Burnet for the Borough of Madison; Jim Lampmann for the Borough of Butler; Bill Beattie for the Borough of Park Ridge; Jim Borowski for the Borough of Lavallette. Jim Jablonski executive director of the Public Power Association of New Jersey was also present. Denise Biancamano for the Borough of Milltown was absent.

There were no minutes, claims, treasurer or other reports for consideration.

A motion was made by Beattie to amend the list of Authority members and Authority commissioners as adopted on January 26, 2017, to admit the City of Vineland as a member and appoint John Lillie as commissioner. On February 14, 2017, the City Council enacted the required ordinance in support of formation of the New Jersey Public Power Authority and meets the requirements for Authority membership under N.J.S.A. Ann. 40A:66-1, *et seq.* On that same date, the City Council designated Lillie as commissioner of the Authority. Mull seconded the motion. The vote was unanimous.

Old Business:

Borowski made a motion to take from the table Resolution 2017-2 To Appoint an Executive Director. Mull offered a second to the motion. The vote was unanimous. Mull offered a motion to appoint James A. Jablonski to serve as executive director of the Authority until his retirement on August 3, 2017. Beattie seconded the motion. The vote was unanimous.

Carr called for questions and amendments to a draft Inter-Municipal Agreement ("IMA") delivered to the Commissioners for their review in advance of the meeting. The IMA, between the Borough of Butler and the successful candidate for executive director, provides for his employment beginning on or about April 3, 2017 to serve concurrently with Jablonski for purposes of training until Jablonski's retirement on August 3, 2017. After comment and discussion, Mull made a motion to accept the IMA as amended and attached hereto. Borowski seconded the motion. The vote was unanimous.

Resolution 2017-12 To Adopt Budget and Assessments was taken from the table following a motion by Beattie and a second by Mull. The 2017 budget totals \$133.100 with assessments prorated among the nine members per the schedule attached hereto. Beattie made a motion to adopt the budget and assessment; authorize the Borough of Butler to secure a federal tax identification number; amend Resolution 2017-3 to add Lakeland Bank to the list of depositories of Authority funds; and authorize Treasurer Lampmann to open an account to deposit assessments as they are received. Mull seconded the motion. Commissioners voting in favor were: Beattie, Burnet, Mull, Borowski, Akers, Lampmann, and Carr. Biancamano and Lillie were not present. The motion carried 7 – 0.

Carr asked the members to review a matrix showing committee assignments for 2017. He stated that, as president, he would serve as chair of the Executive Committee; per the bylaws, Treasurer Lampmann would chair the Finance Committee; Mull will chair the Administration Committee; and Burnet will chair the Power Procurement Committee. Carr also appointed Commissioner Lillie to serve on the Finance Committee.

Resolution 2017-4 to Set Meeting Dates was moved for adoption by Lampmann and seconded by Biancamano. The Resolution was amended to set a Special Meeting for February 22, 2017 for 10:30 A.M. at the Borough of Butler Electric Department Offices at 12 Belleview Avenue, Butler, NJ. Lampmann moved the amendment and Biancamano offered a second. The voice vote on the amendment was unanimous. The voice vote on the Resolution was unanimous.

Three qualified law firms submitted responses to a Request for Quotes (“RFQ”) for legal services to the authority for 2017. The RFQ was issued to five firms January 26, 2017 and replies due by February 17, 2017. The Commissioners received copies of the responses and a matrix to assist in evaluation prepared by the executive director. The lowest hourly rate quote was submitted by Betts & Holt, LLP. The Commissioners also noted Betts & Holt’s assistance to the Public Power Association of New Jersey as its duly appointed counsel in efforts leading to formation of the Authority. Burnet offered a motion to appoint Betts & Holt as counsel for 2017. Borowski seconded the motion. The vote was unanimous.

New Business:

Lampmann moved the following resolution: Whereas that Commissioners need to discuss personnel matters related to the employment, appointment or termination of a current or prospective employee(s), and that the affected individual(s) has not provided a written request that the matter be discussed at a public meeting, and; Whereas the minutes of the executive session would be made public at the first meeting held after the personnel matter has been resolved; Now, Therefore, Be It Resolved, that the Commissioners move to executive session. Borowski seconded the resolution. The vote was unanimous.

The Commissioners emerged from executive session and discussed the location of the next meeting. A motion was made by Mull and seconded by Beattie to amend Resolution 2017-4 To Fix Schedule of Meetings to include the location and start time for each meeting (attached) and that the schedule be

published in compliance with the provisions of the Open Public Meetings Law. The vote was unanimous.

The meeting was adjourned at 12:15 PM following a motion by Borowski, second by Mull, and a unanimous vote.

Respectfully Submitted on Behalf of the Secretary,

/James A. Jablonski/ Executive Director

MINUTES

New Jersey Public Power Authority

EXECUTIVE SESSION

February 22, 2017

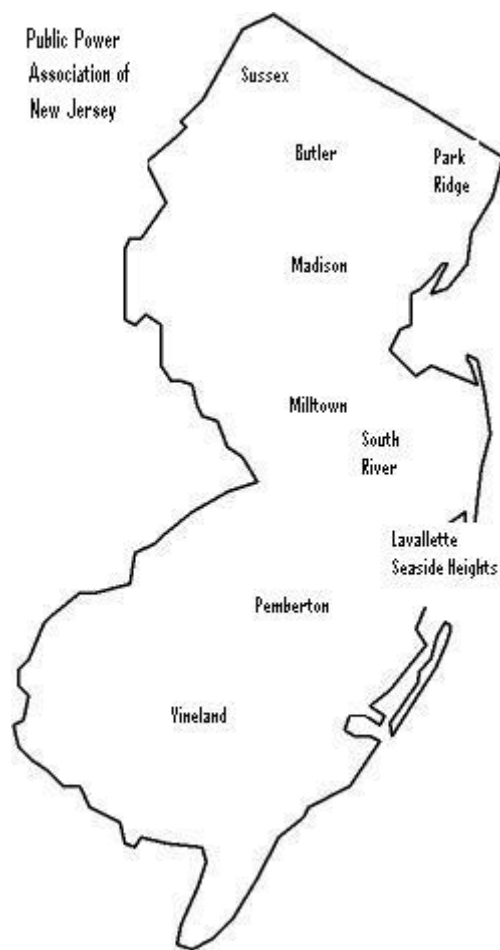
The Commissioners discussed the terms of a draft agreement to employ an applicant selected for the position of executive director of the Authority. The draft was deemed acceptable as attached and subject to minor changes that may be required. The applicant would be employed by the Borough and appointed executive director of the Authority under an agreement between the Borough of Butler and the Authority. The agreement is a cost-saving measure that will allow the Authority to employ an executive director while the Borough provides payroll and other related services.

Carr reported that he discussed the draft with the applicant who indicated general acceptance, pending review by his attorney.

The Commissioners were informed by Lampmann that the Butler Borough Council supports the plan and related documents. The Council will take final action on March 7.

Lampmann made a motion to come out of executive session. Borowski seconded the motion. The vote was unanimous.

NJ Public Power Authority Executive Director's Monthly Report



April 2017

Generation and Power Procurement

Generation Opportunities

- 1. Large Scale Generation Development Project.** We met with a representative of natural gas generation development company in the Butler office. The original design of the plant was a 12 unit, 220 MW net output, reciprocating engine natural gas facility. However, after voicing our concern of the size, the developer will also consider a 6 unit, 108 MW reciprocating engine natural gas facility. The facility will be located within NJ with several sites under consideration, most notably in Cumberland county. The target commercial operation date is 2021. The concept calls for either an equity investment or a long term PPA contract. The equity investment would allow the owners to capture additional revenue streams within the PJM ancillary service markets (frequency regulation, spinning reserves, etc.). The PPA concept would be for a long-term purchase of energy and/or capacity. We asked for more information on indications of fixed price energy and capacity options under the PPA construct. The developer will provide us with the additional information. The developer also noted they may have development opportunities for battery storage.
- 2. Behind the Meter Generation.** We had a phone conversation with a generation development company that specializes in smaller scale BTM generation projects within PJM. This developer has had previous conversations with several of our members and also has a working model in one of our member's systems. BTM (aka Distributed Energy Resources) can be used to net against load for energy, capacity, transmission service, ancillary services and PJM administrative fees. There could be tremendous savings achieved on numerous PJM cost items. Some other technologies to consider are: small scale natural gas or diesel generation, solar coupled with battery storage, fuel cells, small scale CHP. For example, in the PSEG zone, 1 MW of displaced capacity and transmission costs could result in approximately \$160k in annual savings, \$80k in annual savings in JCPL zone and \$80k in annual savings in AECO zone.

Power Procurement.

- 1. PJM collateral.** On April 4, 2017, PJM sent emails to several of our members within the JCPL territory requesting a potential posting of collateral for negatively values ARR's. I called Jay Niemeyer of PJM's Treasury dept. and got PJM to agree to hold off on any collateral call until at least after the PJM FTR auction was concluded, (as the ARR values were not known at the time and PJM was basing the estimated value on 3 years of historical data). PJM agreed to temporary waive the collateral call. After round 1 of the PJM FTR auction, the negative valued ARR's were no longer an issue as I initially discussed with PJM. PJM Treasury subsequently sent an email stating that the members were temporarily in the clear for posting of collateral regarding these ARRs (there are three rounds of the FTR auction ending in early May, but the first round is a great proxy). Subsequently, I spoke to Hal Loomis at PJM and asked him how any type of collateral call could be avoided in the future as I believed we are exempt from such calls. I sent Hal some data on NJ laws, FERC filings and conversations the PPANJ had with PJM back in June 2011. PJM initially disagreed with our assessment that the members are exempt from such collateral calls. We had initial discussions with Jill on alternatives to PJM's credit policy and also how the Authority could be positioned to potentially post collateral in the event PJM would not waive the individual Borough's from posting collateral.
- 2. Consideration of RFQ for Professional Services.** The Authority may want to consider if an RFQ for energy services commencing on or around June 1, 2017 is feasible and should be prepared and sent to prospects for consideration.