

MINUTES OF MEETING

BOARD OF DIRECTORS

PENNSYLVANIA ENERGY DEVELOPMENT AUTHORITY

October 5, 2006

Board members present:

Rep. Gibson Armstrong, Secretary
Ray Bologna
Virginia Brown
Ty Christy, Treasurer
Cheryl Cook
Rep. Peter J. Daley, II
Romulo Diaz (via telephone)
Steve Drizos, designee for Sec. Dennis Yablonsky
Joseph Dworetzky
J. Clifford Forrest
Tanya McCloskey
Victoria Reider
Frank Sparrow, designee for Chairman Wendell F. Holland
Sen. John Wozniak (via telephone)
Dennis Yablonsky

DEP staff:

Daniel J. Desmond
Libby Dodson
Jeanne J. Dworetzky Esq., Executive Director
Lawrence L. Middleton
Eric Thumma
William Shakely, Esq.
Patrick Bair, Esq.

Public:

Jason Holmberg
Gwen Auman
Thomas Kerchinski
Ronald Penrose
Jennifer McKenna
Peter Wernsdorfer
Sam McConnell
Glen Shirley
Rob Sanders
Jeff Cadman
Ken Okrepkie
Ben Wooten
Race Miner
Patrick Henderson
Bradley D. Bogolea
Andrei Shindyapin
H. D. Bennett
Patrick Boyle
Roy Romano
Vicky Wong
Janet Maki

Sarah Hetznecker
Joe Simatic
Gary Merritt
Lu rudel
Greg Shaffer
Destiny Zeiders
Melanie Clark
David Runyan
Emily White
James Abrams
Shawn Good
Michael Prinkey
Bob Unger
Carolyn Underwood
Carlos Concha
Jim MacAulay
Stan Geary
Teresa Copenhaver
Gary Powlus
Sun Joon Park
James Eadie

Call to order and welcome of new members

Secretary Yablonsky chaired the meeting in Secretary McGinty's absence. He called the meeting to order at 10:00 am.

Meeting minutes review from the April 25, 2006, meeting

The board considered the draft minutes from its April 25, 2006 meeting, which had been circulated to them previously by the Executive Director, Jeanne Dworetzky. No comments were offered on the draft. Senator Wozniak made a motion to approve the minutes and Virginia Brown seconded the motion, which was carried unanimously.

Review and approval of Annual Report

Ms. Dworetzky reviewed the draft 2005-2006 Annual Report. The report includes a narrative description, a statement of revenues and expenditures for the Energy Development fund and Growing Greener II and a statement of outstanding revenue bond debt. No comments were offered on the report. Joseph Dworetzky made a motion to approve the report and Ms. Brown seconded the motion, which was carried unanimously.

Presentation of proposed projects

The Executive Director introduced the projects proposed for approval from the solicitation, which opened May 8 and closed July 14, 2006. All of the types of projects previously included were eligible to submit applications, however, three project types received high priority during this solicitation round:

1. Biofuels
2. Distributed generation for critical public infrastructure
3. Solar/PV

PEDA received 99 applications this round, compared to 57 applications for the previous round. Five Million dollars were initially available for offering. An additional 1.4 million were added to the funding bringing the total offering to \$6.4 million. Two hundred seventy-seven thousand of the \$1.4 million was made available from an earlier PEDA round because a project withdrew its funding request. Another \$1.1 million appropriated from the General Fund was added to this solicitation at the direction of Secretary McGinty. The total amount of funding requested for the 99 projects was \$69 million, leveraging \$511 million in other funding.

The 99 applications fell into the following categories:

Bio-derived methane	8
Biofuel	18
Biomass	17
Energy efficiency	12
Fuel cells	5
Geothermal	1
Micro hydro	4
Recycled energy	5
Solar	17
Waste coal	1
Wind	7
Other	4

Of the 99 applications received, 16 project applications were recommended for funding in the following categories:

Bio-derived methane	2
Biofuel	2
Biomass	3
Energy efficiency	1
Fuel cells	2
Micro hydro	1
Solar	4
Solar/wind hybrid	1

In addition, two of the applications submitted to PEDDA were referred to AFIG for funding consideration. Another application was referred to DCED.

Two of the solar applications were for aggregated projects, bundling numerous smaller applications into one application package. Two of the solar applications were for distributed generation projects.

The project benefits were summarized as follows:

- Jobs creation – 316 permanent and 280 construction jobs would be created
- Electricity to be produced – in excess of 15 million kWh
- Natural gas conserved – 208 trillion BTUs
- Biofuel to be produced – 115 million gallons
- SO₂ Reductions – 2238 tons
- CO₂ Reductions – 700,085 tons
- NOx Reductions – 654 tons

The Board considered the following projects for funding:

<u>BioEnergy International, LLC</u> Clearfield Ethanol Project	\$1 million
<u>Keystone BioFuels, Inc.</u> Shiremanstown Biodiesel Plant Expansion	\$500,000
<u>Philadelphia Water Department</u> Deployment of Biomethane Purification Plant at Northeast WPCP	\$500,000.

<u>Johnstown Regional Energy, LLC</u> Somerset Methane Project	\$250,000
<u>Elk Regional Health Center, Inc.</u> Alternative Fuels Project	\$500,000
<u>PA Pellets, LLC</u> Wood Pellet Facility in Ulysses, PA	\$325,000
<u>Benton Area School District</u> Utilization of Biomass to Heat Benton Area School District Buildings.	\$350,000
<u>Glendale Yearound Water Company</u> Sustainable Energy Generation for Sewage Treatment, Public Water Supply and Emergency Shelter	\$150,059
<u>Middle Road Volunteer Fire Department</u> Solar Power with Battery Backup for Critical Systems	\$51,388
<u>City of Allentown</u> Solar Power Plant Installation	\$517,045
<u>TRF Sustainable Development Fund (SDF)</u> 46 Solar PV Systems at Government, Commercial and Nonprofit Entities	\$701,366
<u>Mesa Environmental Services, Inc.</u> Solar for Participants in the Energy Farmers Program	\$491,741
<u>Clarion Boards, Inc.</u> Biofilter Installation Project	\$100,000
<u>HydroGen, LLC</u> Phosphoric Acid fuel Cells Using Coke Oven Gas	\$250,000
<u>Kuchera Defense Systems, Inc.</u> Center of Excellence for Advanced Energy Systems manufacturing	\$391,548
<u>Southwestern Pennsylvania Water Authority</u> Micro-hydro Turbine	\$299,000

Joseph. Dworetzky abstained from the voting on the City of Philadelphia project proposal. Ms. Brown moved that the projects be accepted and approved; Ms. Cook seconded the motion. The projects were unanimously approved for funding by the Board.

Administrative Matters

PEDA will be audited for the first time in the summer of 2007. After consultation among the Auditor General's Office, Bureau of Budget Management, Comptroller and DEP Fiscal, it was determined that this schedule is appropriate in light of the limited number of financial transactions that have occurred to date.

Next Steps

Completed/successful projects will be invited to the January 2007 meeting to make presentations to the Board. Secretary Yablonsky suggested that because some of the technologies are early stage, some unfinished projects should be invited as well. Representative Daley suggested that the PEDA Board of Directors 1) go out to visit the project sites, and 2) invite PCN to go on tours of the projects.

Comments

Mr. Forrest noted his concern that some projects receiving funding would have gone forward even without PEDA assistance. He suggested that the PEDA Board might need to examine its selection process in light of that. Secretary Yablonsky stated that the Governor has instructed that gap filling should occur – providing funding in areas where the state does not presently have any funding. Ms. Dworetzky noted that financial need is considered in the project review process, along with an assessment of whether a project has the financial wherewithal, even with public funds, to get the project done.

The meeting adjourned at 11:15 am.

Secretary

Date