

**MEMORANDUM OF UNDERSTANDING  
FOR PARTICIPATING ENTITIES  
IN THE BALTIMORE REGIONAL COOPERATIVE  
PURCHASING COMMITTEE  
ENERGY PROCUREMENT STRATEGY**

This Memorandum of Understanding (this "MOU"), dated this \_\_\_\_\_ day of \_\_\_\_\_, 2006, among the following: Anne Arundel County, Maryland; Anne Arundel Community College; the City of Baltimore, Maryland; Baltimore City, Maryland Public Schools; Baltimore County, Maryland; Baltimore County, Maryland Libraries; Baltimore County, Maryland Public Schools; Baltimore County, Maryland Revenue Authority; The Baltimore Museum of Art; Carroll County, Maryland; City of Aberdeen, Maryland; City of Annapolis, Maryland; City of Bowie, Maryland; Community College of Baltimore County; Harford County, Maryland; Harford County Community College; Harford County, Maryland Public Schools; Howard County, Maryland; Howard County Community College; and the Walters Art Gallery; (hereinafter each referred to as an "Entity" and collectively, the "Entities").

WHEREAS, on February 14, 2005, the Baltimore Regional Cooperative Purchasing Committee, a standing committee of the Baltimore Metropolitan Council, (hereinafter referred to as "BRPC"), consisting of representatives of all the Entities, agreed to pursue a new purchasing strategy for electricity; and

WHEREAS, The new strategy established short term and long term goals. The short term goal involved the development of a contract with an electricity consultant and an electric supply service contractor, for each Entity; and

WHEREAS, It was agreed by the Entities that the electricity consultant would advise BRPC on electric account portfolio procurement and risk management strategies and the development of a portfolio risk management plan; and

WHEREAS, It was further agreed that the electric supply services contractor would implement the portfolio risk management plan under the direction of the electricity consultant and BRPC, and acting as an agent for BRPC, purchase electric power on the PJM real time, day ahead, and wholesale markets; and

WHEREAS, on March 28, 2005 and on June 7, 2005, BRPC's new procurement strategy was presented to, and approved by, the Baltimore Metropolitan Council's Management and Executive Committees respectively; and

WHEREAS, in August, 2005, each Entity executed contracts with South River Consulting, LLC, as the electricity consultant for BRPC; and

WHEREAS, in January, 2006, each Entity executed contracts with PEPCO Energy Services, Inc., as the electric supply services contractor; and

WHEREAS, the Entities hereto desire to establish an agreement on administering both the electricity consultant and electric supplies services contracts, on overseeing the electricity management plan including the daily procurement activity and modification of the plan as needed in response to changes in the electricity markets, on sharing the costs of consulting and electric

supply transactional services, on adding new parties to electricity procurement, and on the future development of procurement strategies for other forms of energy.

NOW, THEREFORE, in consideration of the mutual rights and obligations hereinafter set forth, the Entities hereto do mutually set forth their intention to proceed as follows:

1. Energy Board

- 1.1 The Energy Board (hereinafter, the "Board") is hereby formed as a sub-committee of BRCPC and shall draw its membership from the following Entities: Anne Arundel County, Maryland; The City of Baltimore, Maryland; Baltimore County, Maryland; Carroll County, Maryland; Harford County, Maryland; The City of Annapolis, Maryland; and Howard County, Maryland. Each Energy Board Entity shall have appoint one (1) representative to the Board. The Chairperson of the Board, who shall hold a one (1) year term starting on January 1<sup>st</sup> and ending on December 31<sup>st</sup> of the same year, shall always be the representative from the Board Entity that holds the Chairperson position for the Baltimore Metropolitan Council for the same year, except for the first year of the Energy Board during which the representative of Baltimore County, Maryland shall serve as the Chairperson.
- 1.2 The primary responsibilities of the Board are threefold:
  - 1.2.1 To oversee the implementation of contracts for energy procurement and energy services for BRCPC. Each Entity shall execute separate contract documents and release purchase orders, and shall be responsible for payment of invoices.
  - 1.2.2 To direct the development of all energy procurement portfolio risk management plans including but not limited to the electricity accounts portfolio. The Board shall approve all portfolio risk management plans and shall make any changes, alterations, additions, or deletions to any portfolio risk management plan as the Board deems to be in the best interest of their Entities. The Board shall foster the development and growth of all new cooperative energy procurements.
  - 1.2.3 To coordinate and manage the interaction of all Entities participating in cooperative energy procurements. Make recommendations to the Entities on which cooperative energy procurement opportunities to pursue. Decide on each Entity's share of costs for required services. Determine the method of procurement and the lead Entity for such procurement.
- 1.3 The Board shall meet at least quarterly. The Board shall report to BRCPC on a monthly basis and advise BRCPC about all procurement activity on active energy contracts, about any new cooperative energy opportunities under consideration, and about energy market activity both current and in the future.
- 1.4 The Board Chairperson shall convene meetings and assign tasks to other Board members as required. As electric power purchases are made on the PJM markets, the Chairperson shall sign the price confirmation

documentation. The Chairperson shall sign all price confirmations for any energy contract activity. The Chairperson shall prepare quarterly reports to BRCPC and the Baltimore Metropolitan Council Management and Executive Committees.

- 1.5 For any Board issues that requires a vote to establish the Board's position, a minimum of five (5) Board Entities must be represented at the meeting in order for the voting results to be valid. If voting results in a tie vote, the Chairperson shall cast the deciding vote.

## 2. Cost Sharing

- 2.1 Each Entity shall share the costs of cooperative energy procurements including contracts for consulting and other services. For energy procurements in which the services being performed are directly quantifiable to the energy being purchased, each Entity shall pay for only the services that match-up to the energy being used. For energy procurements in which the services being performed are not directly quantifiable to the energy being used, each Entity shall pay a pro rata share of the service fees based upon their historical energy usage, latest data available. For any energy procurement in which cost sharing is not easily defined, the Energy Board shall recommend to the Chairperson for a vote at the next BRCPC meeting to determine the cost sharing policy.

## 3. Additional Entities

- 3.1 Additional Entities, beyond the original twenty that formed to participate in the new electricity procurement strategy, are always desired in order to fulfill the objective of cooperative purchasing. This objective has the effect of lowering administrative costs, avoiding duplication of effort, obtaining better prices through economies of scale, and the exchanging of information and expertise. Additional Entities shall share in the costs of energy procurements in accordance with the policy stated in Paragraph 2 of this MOU. Any deviation from the costs sharing policy must be proposed, discussed, voted, and approved by BRCPC. Any Entity wishing to discontinue participation in any BRCPC energy contract, must notify the Energy Board and BRCPC. A meeting will be conducted to discuss the disposition of any purchases made on the futures markets for the leaving Entity.

The authorized signatures of Entities signify agreement to all procedures of BRCPC indicated herein.

**FIRST ADDENDUM  
TO  
MEMORANDUM OF UNDERSTANDING  
FOR PARTICIPATING ENTITIES  
IN THE BALTIMORE REGIONAL COOPERATIVE  
PURCHASING COMMITTEE  
ENERGY PROCUREMENT STRATEGY**

This First Addendum Memorandum of Understanding (this "MOU"), is made this \_\_\_\_\_ day of \_\_\_\_\_, 2006, among the following: Anne Arundel County, Maryland; Anne Arundel Community College; the City of Baltimore, Maryland; Baltimore City, Maryland Public Schools; Baltimore County, Maryland; Baltimore County, Maryland Libraries; Baltimore County, Maryland Public Schools; Baltimore County, Maryland Revenue Authority; The Baltimore Museum of Art; Carroll County, Maryland; City of Aberdeen, Maryland; City of Annapolis, Maryland; City of Bowie, Maryland; Community College of Baltimore County; Harford County, Maryland; Harford County Community College; Harford County, Maryland Public Schools; Howard County, Maryland; Howard County Community College; and the Walters Art Gallery; (hereinafter each referred to as an "Entity" and collectively, the "Entities").

WHEREAS, pursuant to a Memorandum of Understanding dated \_\_\_\_\_, \_\_\_\_\_, (the "Original MOU"), the entities formed an energy board (the "Board") to guide and advise the Entities on energy procurements; and

WHEREAS, said Entities wish to amend the original MOU in order to set forth how other entities can join any existing Baltimore Regional Cooperative Purchasing Committee ("BRCPC") energy contract and how any current entity can terminate its participation in any BRCPC energy contract.

NOW, THEREFORE, in consideration of the mutual rights and obligations hereinafter set forth, the Entities hereto do mutually set forth their intention to proceed as follows:

1. Replace Paragraph 3.1 with the following:
  - 3.1 Entities, other than the original twenty that formed BRCPC to participate in the new electricity procurement strategy, are always desired in order to fulfill the objective of cooperative purchasing. This objective has the effect of lowering administrative costs, avoiding duplication of effort, obtaining better prices through economies of scale, and the exchanging of information and expertise. New entities shall share in the costs of energy procurements in accordance with the policy set forth in Paragraph 2 of this MOU. The Energy Board shall approve any new entity wishing to participate in an existing BRCPC energy contract. Any deviation from the costs sharing policy must be proposed, discussed, voted, and approved by BRCPC. Any Entity wishing to discontinue participation in any BRCPC energy contract, must notify the Energy Board and BRCPC. A meeting will be conducted to discuss the disposition of any purchases made on the futures markets for the exiting Entity. The exiting Entity shall decide on how and when to dispose of any purchases made on the futures markets for that Entity. The disposition of these purchases shall not adversely effect any of the remaining participating Entities.

2. All other terms and conditions of this memorandum of understanding remain in full force and effect.