VIRGINIA ENERGY PURCHASING GOVERNMENTAL ASSOCIATION

JOINT POWERS ASSOCIATION AGREEMENT

Dated as of March 1, 2002

THIS AGREEMENT ("Agreement"), is made and entered into by and among the local governments and other political subdivisions of the Commonwealth of Virginia which are signatories hereto (each a "Member" and, collectively, the "Members"), effective as of March 1, 2002, for certain signatories or such later effective date for other signatories as set forth on such signatories' execution page.

W I T N E S S E T H :

WHEREAS, each Member is authorized by law to acquire electricity supply, electricity delivery, and other energy-related services ("Energy Services") as necessary or appropriate for the operation of its respective public facilities; and

WHEREAS, political subdivisions of the Commonwealth of Virginia are authorized under the Code of Virginia 1950, as amended (the "Code") to exercise jointly powers that they otherwise are authorized to exercise independently, and such authorization is currently set forth in sections 15.2-1300, et seq. of the Code, which provide that any power, privilege or authority exercised or capable of being exercised by a political subdivision of the Commonwealth of Virginia may be exercised and enjoyed jointly with any other political subdivision of the Commonwealth having a similar power, privilege or authority except where express statutory procedure is otherwise provided for the joint enterprise; and

WHEREAS, Code sections 15.2-1300, et seq. authorize two or more political subdivisions to enter into agreements with one another for such joint action and to appropriate funds and sell, lease, give or otherwise supply such property, personnel or services therefor as may be within their legal power to furnish; and

WHEREAS, the Members, pursuant to the authority granted in Code sections 15.2-1300, et seq. or such similar authority as may from time to time be authorized under the Code, desire to create a joint powers association and associate as members hereunder with the assistance of the Consultant and Counsel (identified below) for the purposes, among other things, of promoting the interest and welfare of the Members, and developing a closer relation among them, all as hereinafter more particularly set forth; and

WHEREAS, the Virginia Public Procurement Act (the "Procurement Act") exempts from its competitive sealed bidding and competitive negotiation requirements (the "Requirements") the joint procurement by public bodies, utilizing competitive principles, of electric utility services purchased through member associations under the conditions set forth in the Procurement Act;

WHEREAS, the Virginia Power Steering Committee of the Virginia Municipal League and the Virginia Association of Counties (the "Committee"), which is composed of representatives of local governments and other political subdivisions of the Commonwealth purchasing energy from Virginia Electric and Power Company, d/b/a Dominion Virginia Power ("Virginia Power"), has (i) for several decades assisted such governmental bodies in connection with the negotiation of standard form contracts with Virginia Power for the purchase of electric utility services, including electric supply, distribution and transmission, and ancillary services, (ii) provided assistance in implementing such contracts, (iii) helped educate its members

regarding electricity procurement issues, (iv) monitored legal and regulatory developments affecting the provision of electricity service to local governments, and (v) has hired consultants and legal counsel to assist in its provisions of the foregoing services ("Steering Committee Services").

WHEREAS, the Committee recommends that the aggregation and procurement of Energy Services be effectuated in compliance with applicable provisions of the Procurement Act, such as the utilization of competitive principles pursuant to an exemption from the Requirements, and the Committee also recommends that the Steering Committee Services be undertaken by the same entity that arranges for the procurement of the Energy Services.

NOW, THEREFORE, in consideration of the premises and the undertakings hereinafter stated, the Members agree as follows:

1. **Name.** The undertaking of the Members hereunder shall be named and designated as the Virginia Energy Purchasing Governmental Association (hereinafter "VEPGA").

2. **Term of the Agreement.** This Agreement shall be effective for the period commencing on the date set forth above (with each Member to adopt the Agreement on or after such commencement date) and shall terminate upon the earlier of (a) a unanimous vote of all the remaining Members or (b) when the membership has decreased to one Member. Upon such termination, any property owned by VEPGA (or the proceeds from the sale of such property) shall be distributed to each remaining Member in accordance with VEPGA's bylaws, as such bylaws may be amended from time to time by the board governing VEPGA (the "Bylaws").

3. **Purpose of the Agreement.** The Members enter into this Agreement for the purpose of acting jointly to promote their interests and welfare and to promote the interest and

welfare of, and develop close relationships with, similar public bodies. This promotion and development shall consist of the purchase of one or more components of the Energy Services on an aggregated basis and also the provision of Steering Committee Services. VEPGA shall be the Members' agent regarding the purchase of Energy Services, which shall be done in the manner specified in the Bylaws. Each Member agrees, subject, however, to annual appropriation, (a) to purchase its respective share of the Energy Services for any of its accounts that have been selected by one or more supplier(s) chosen by VEPGA to service such accounts and to pay the rate for such accounts negotiated in the procurement process for the one or more components of the Energy Services, and (b) to pay its pro rata share of the budget or the membership fees as hereinafter set forth.

4. **Governance.**

(a) The Board. VEPGA shall be governed by a Board (the "Board") that shall initially consist of the individuals listed on Schedule A of this Agreement and thereafter members of the Board shall be elected by the Members in accordance with the Bylaws. The size of the Board may be increased or decreased in accordance with the Bylaws. The Board shall have power to decide all matters relating to VEPGA's activities and operations.

(b) Meetings of the Board. The Board shall meet at such times and places as shall be designated in the Bylaws.

(c) Officers of the Board. Paul Proto is hereby designated as the initial Chair of the Board, Steve Sinclair is hereby designated as its initial Vice-Chair and Steve Craig is hereby designated as its initial Secretary/Treasurer. These officers and any other officers elected in accordance with the Bylaws shall serve until the earlier of the submission of such officer's resignation or such officer's removal and the election of a successor by the Board. The Chair

shall preside at all meetings of the Board, except that in the absence of the Chair, the Vice-Chair or another Member of the Board shall preside. Vacancies in such offices may be filled by the Board at any meeting.

(d) Quorum for the Board. A majority of board members shall constitute a quorum for any Board meeting. The size of a quorum may be increased or decreased in accordance with the Bylaws.

(e) Actions by the Board. All matters for action by the Board may be adopted upon the affirmative vote of Board members voting at a meeting where a quorum is present, or otherwise as may be specified in this Agreement or in the Bylaws.

(f) Quorum for Members. The lesser of (i) a simple majority of the Members or (ii) eight Members shall constitute a quorum for any meeting of the Members. The size of a quorum may be increased or decreased in accordance with the Bylaws.

(g) Bylaws. The initial Bylaws are set forth in Schedule B to this Agreement. The Bylaws may be amended upon the affirmative vote of two-thirds of all the Board members or upon the affirmative vote of two-thirds of all the Members.

5. **Budget of the Association.**

(a) The Board shall establish a budget for VEPGA with funding by the Members based upon a pro rata share of the budget or, if applicable and approved by the Board, a minimum membership fee. Such pro rata shares and minimum fees shall be assessed on an annual basis except that, under extraordinary and unanticipated circumstances, the Board may assess a pro rata share and minimum fee more than once a year. The pro rata share will be based upon each Member's energy consumption or upon such other equitable method of funding as may be determined from time to time by the Board.

(b) VEPGA shall not create or incur any liability for the Members, jointly or severally, other than and subject to annual appropriation, (i) the costs incurred by any Member in paying its portion of the Energy Services in accordance with contracts signed by the Chair or Vice-Chair on behalf of VEPGA as the Member's agent or (ii) the pro rata share of the budget or the membership fees imposed for a Member's participation in VEPGA. No Member shall be liable or responsible for any payments owed under any contracts for any portion of the Energy Services purchased by any other Member.

6. **Withdrawal of Members.** A Member may withdraw from VEPGA effective July 1 of any calendar year if written notice has been given to VEPGA by March 1 of that calendar year; provided, however, that any accounts of a withdrawing Member that are participating in any contract awarded by VEPGA shall continue to participate in such contract until such contract has expired or has been terminated in accordance with the terms of such contract. Any other methods of withdrawing from VEPGA shall be set forth in the Bylaws.

7. **Execution of Multiple Originals.** This Agreement may be executed by the Members in multiple original counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

WITNESS the following signatures, effective as of the date set forth underneath each signature.

MEMBER:

_____

By: _____

Title: _____

Effective Date:_____ _____

[To be completed for all Members]

SCHEDULE A

LIST OF INITIAL BOARD MEMBERS

3 Year Term (2002-2005)
Len Ringler, Paul Proto, Jerry Spivey, Ricky Bowers, Steve Sinclair

2 Year Term (2002-2004)
Matt Groff, Penny Newquist, Dave Gilman, Rick Raike, Bob Jennings

1 Year Term (2002-2003)
Roger Neve, Tom Colbert, Phil Norris, Mac Corwine, Jack Pitzer