

Propane Education & Research Council
November 5-6, 2015
Boca Raton, Fla.
MINUTES

Chairman Tom Van Buren called the meeting to order at 1:15 p.m. Eastern Standard Time.

Mr. Van Buren, Ferrellgas (Overland Park, Kan.), announced the appointment of Casey Cramton, Dead River Co. (South Portland, Maine), to the Council by the National Propane Gas Association to replace John Simcox, who recently stepped down.

Mr. Van Buren welcomed the Council members in attendance:

Kasib Abdullah, BP (Houston)
Robert Barry, Bergquist (Toledo, Ohio) — *Secretary*
Dan Binning, Kiva Energy (Arvada, Colo.)
Gene Bissell (Gladwyne, Pa.)
Steven Breckon, Lone Star NGL (Houston)
Robert Chalmers, JP Energy Partners (Irving, Texas) — *Treasurer*
Drew Combs, CHS Inc (Inver Grove Heights, Minn.) — *Vice Chairman, Marketers*
Daniel Dixon, Amerigas (Florence, Ala.)
Randy Doyle, Blossman Gas (Ocean Springs, Miss.)
Roxanne Fowles, MarkWest Energy Partners LP (Friendswood, Texas)
Robert Freeman, Freeman Gas (Spartanburg, S.C.)
Sam Hawley, Enterprise (Houston)
Robert Hemsworth, DCP Midstream (Houston)
Bruce Leonard, Targa (Southlake, Texas) — *Vice Chairman, Producers*
Glenn Luce, Aux Sable Liquid Products (Morris, Ill.)
Doug Rinke (Columbia, Mo.)
Richard Williams, Suburban Propane Partners LP (Whippany, N.J.)
David Wiseman, Williams Energy Resources LLC (Tulsa, Okla.)

Mr. Cramton joined the meeting by phone.

Chairman's Report

Approval of Minutes. Mr. Van Buren directed the councilors' attention to the minutes of the July Council meeting in Park City, Utah. Upon a motion duly made and seconded, the Council approved the minutes.

Executive Committee. Mr. Van Buren said that since the last Council meeting, the Executive Committee took action by email on July 24 to authorize PERC President and CEO Roy Willis to secure a credit card account with Capital One Bank; had a conference call Aug. 31 to consult with Mr. Willis about the hiring of a chief marketing officer; and met the morning of Nov. 5 with members of the National Propane Gas Association to discuss collaboration by PERC, NPGA, and state associations. He said that Executive Committee members had also met to discuss management and operational issues, including the strategic plan, corporate goals for 2016, the consumer education campaign, human resource matters, and the joint officers meeting that will take place during the NPGA meetings on Feb. 3 in Savannah, Ga.

The Executive Committee also approved three change orders (as follows).

Docket: 20200
Title: 2015 Propane Autogas Market Outreach
Amount Requested: \$300,000
Action: Approved

Docket: 20195
Title: 2015 Corporate Communications
Amount Requested: \$175,000
Action: Approved

Docket: 18199
Title: Propane Mower Incentive Program
Amount Requested: \$240,000
Action: Approved

Approval of Working Group Chairmen. Mr. Van Buren announced that Darren Engle of Blue Star Gas had stepped down as chairman of the Research and Technology Development Working Group. Upon a motion duly made and seconded, the Council approved the appointments of David Reynolds of Blossman Gas as chairman and Kenton Sonnenburg of CHS as vice chairman of the working group.

Mr. Van Buren also announced the following appointments to the Advisory Committee:

To the Safety and Training Working Group: Mark Anderson of Dead River Co. (South Portland, Maine) and John Barnett of U-Haul International (Phoenix, Ariz.).

To the Market Outreach and Training Working Group: Mike Gioffre of Paraco South (Matthews, N.C.), Joe Trefethen of Palmer Gas (Atkinson, N.H.), and Kevin Cobb of Suburban Propane (Eagle, Idaho).

Advisory Committee Report. Randy Warner, chairman of the Safety & Training Working Group, offered a report on the activities of the Advisory Committee.

Audit Committee Report. Mr. Rinke reviewed a proposed amendment to the audit committee charter, section 3B, for consideration by the Council.

The amendment is as follows: The Audit Committee will appoint the independent auditor no later than November of the year being audited after conferring with the CFO regarding the quality and cost of the most recently completed audit. The appointment will result in either the incumbent auditor being retained or the audit will be bid with other CPA firms and the incumbent auditor.

Upon a motion duly made and seconded, the Council voted to approve the amendment to the charter.

Consumer Education Task Force Report. Scott Brockelmeyer (Ferrellgas, Kansas City), chairman of the Market Outreach and Training Working Group and chairman of the Consumer Education Task Force, offered a report on the work of the task force since its creation in July.

Portfolio Review Subcommittee. Mr. Chalmers, chairman of the Portfolio Review Subcommittee, offered a report on the subcommittee's activities since its creation in July.

Vice Chairman's Report

Mr. Leonard offered a report on the supply of propane.

Treasurer's Report

Mr. Chalmers reviewed the 2015 budget year surplus compared with the latest forecast, and the investment management report.

Upon approval of a motion duly made and seconded, the Council adopted the treasurer's report and approved a proposal to close out 6 dockets, with the funds returning to the general treasury (as follows). Deobligations totaled \$95,159.

Docket: 20389 (Industry Programs) \$98,000

Project: New Booth Structure for Industry and Market Trade Shows

Action: De-obligates the remaining balance of \$253 and returns these funds to the general treasury

Docket: 16555 (Engine Fuel) \$726,038

Project: Low-Temp Propane-Diesel Dual Fuel Combustion for Heavy-Duty Engines

Action: De-obligates the remaining balance of \$7,827 and returns these funds to the general treasury

Docket: 19190 (Engine Fuel) \$995,000

Project: 2014 Off-Road Market Outreach

Action: De-obligates the remaining balance of \$2,486 and returns these funds to the general treasury

Docket: 19191 (Engine Fuel) \$750,000

Project: 2014 Propane Autogas Market Outreach

Action: De-obligates the remaining balance of \$3,123 and returns these funds to the general treasury

Docket: 17449 (Research and Development) \$552,500

Project: YANMAR 5kW Micro CHP Development and Commercialization

Action: De-obligates the remaining balance of \$81,328 and returns these funds to the general treasury

Docket: 20036 (Research and Development) \$110,000

Project: Cochin Pipeline Research

Action: De-obligates the remaining balance of \$142 and returns these funds to the general treasury

Chief Executive Officer's Report

Mr. Willis offered a report on PERC's major campaigns and programs from 2015 and looked ahead to 2016.

The funding requests and change orders Mr. Willis approved under his presidential authority since the Council's last meeting (as follows).

Docket: 20645
Time Extension: N/A
Title: The Knowledge Exchange – Women In Propane Mentor Network
Approved Amount: \$40,000

Docket: 20711
Time Extension: N/A
Title: Propane Autogas Technician Outreach
Approved Amount: \$100,000

Docket: 20678
Time Extension: N/A
Title: Consumer Education Taskforce Support
Approved Amount: \$25,000

Docket: 17181 (no-cost change order)
Time Extension: November 30, 2016
Title: Heat and Power Incentive Program
Approved Amount: \$0

Docket: 20003 (no-cost change order)
Time Extension: August 2016
Title: Off-Road Aftermarket Stimulation Strategy
Approved Amount: \$0

Docket: 19177 (no-cost change order)
Time Extension: June 30, 2016
Title: Gas Check Update
Approved Amount: \$0

Docket: 20406 (no-cost change order)
Time Extension: July 2016
Title: Supply and Infrastructure Study
Approved Amount: \$0

Docket: 20114 (no-cost change order)
Time Extension: April 30, 2016
Title: Performance Evaluation and Competitive Analysis of a Propane-Fired Tri-Generation System
Approved Amount: \$0

Docket: 20159 (no-cost change order)
Time Extension: June 30, 2016
Title: Propane Energy Pod Builder Incentive Program
Approved Amount: \$0

Partnership Agreement

Rick Roldan, president and CEO of the National Propane Gas Association, offered a report on his association's activities under the partnership agreement.

Mark Sutton, executive director of the Gas Processors Association, offered a report on his association's activities under the partnership agreement.

Mr. Willis introduced **Docket 20693**. Upon a motion duly made and seconded, the Council approved the docket (as follows).

Docket: 20693
Principal Contractors: Gas Processors Association and National Propane Gas Association
Title: 2016 Partnership Agreement between PERC, GPA, and NPGA
Amount Requested: \$1,319,500
Action: Approved

Chief Marketing Officer's Report

PERC Chief Marketing Officer Dennis Vegas reported on the development of the consumer education campaign.

PERC Director of Communications Gregg Walker made remarks on baseline research for the consumer market.

Chief Business Development Officer's Report

PERC Chief Business Development Officer Tucker Perkins offered a report on PERC's market outreach activities in 2015.

Chief Financial Officer's Report

PERC Chief Financial Officer Jim Harris reviewed the 2016 budget and upon a motion duly made and seconded, the Council approved the budget.

Consent Calendar

Mr. Van Buren asked the councilors to turn their attention to the consent calendar in the briefing materials. The Council approved a motion to remove **Docket 20589** and **Docket 20591** from the consent calendar for further discussion.

Upon a motion duly made and seconded, the Council approved the following dockets on the consent calendar (as follows).

Docket: 20589
Principal Contractor: Propane Training Services
Title: 2016 Industry Responder Conferences
Amount Requested: \$75,000
Action: Approved

Docket: 20591
Principal Contractor: Nexight Group
Title: Safety & Training Digital Strategy Roadmap
Amount Requested: \$87,893
Action: Approved

Docket: 20636
Principal Contractor: Dashe & Thompson

Title: Stand Alone Cylinder Requalification Course
Amount Requested: \$53,154
Action: Approved

Docket: 20666
Principal Contractor: Briggs and Stratton
Title: Dealer/Distributor Service Schools Propane Training Program
Amount Requested: \$235,000
Action: Approved

Docket: 20631
Principal Contractor: PERC
Title: 2016 Industry Outreach
Amount Requested: \$290,000
Action: Approved

Docket: 20656
Principal Contractor: North Carolina Propane Education and Research Foundation
Title: Clean Fuel Advanced Technology (CFAT) Project 2015-17
Amount Requested: \$42,000
Action: Approved

The Council reviewed **Docket 20642**. Upon a motion duly made and seconded, the Council approved the funding amount. Randy Doyle voted against approving the docket.

Docket: 20642
Principal Contractor: Blue State Digital
Title: 2016 Digital Strategy for Industry Engagement
Amount Requested: \$435,000
Action: Approved

The Council reviewed **Docket 20621**. Upon a motion duly made and seconded, the Council approved the funding amount.

Docket: 20621
Principal Contractor: Dashe & Thompson
Title: 2016 CETP Help Desk and Maintenance
Amount Requested: \$102,812
Action: Approved

The Council recessed at 5:45 p.m. EST.

Proceedings of November 6.

Mr. Van Buren called the meeting to order at 9:30 a.m. EST.

U.S Propane Supply Demand Model Report

Ron Gist and David Braziel reported on the conclusions of the recent RBN Energy study, Next to You: A Transformation in Propane Markets Report

2016 Propane Market Outlook

Mike Sloan of ICF International summarized the critical demand trends that are driving the market and reviewed the 2016 Propane Market Outlook.

Market Reports

PERC Chief Business Development Officer Tucker Perkins gave an overview of market outreach plans for 2016.

Mr. Perkins reviewed **Docket 20637**. Upon a motion duly made and seconded, the Council approved the new funding amount.

Docket: 20637
Principal Contractor: Swanson Russell
Title: 2016 Residential and Commercial Outreach Program
Amount Requested: \$2,166,000
Action: Approved

Mr. Perkins reviewed **Docket 20634**. Upon a motion duly made and seconded, the Council approved the new funding amount.

Docket: 20634
Principal Contractor: Swanson Russell
Title: 2016 Professional Landscape, Golf & Turf Marketing Outreach Program
Amount Requested: \$1,050,000
Action: Approved

Mr. Perkins reviewed **Docket 20658**. Upon a motion duly made and seconded, the Council approved the new funding amount.

Docket: 20658
Principal Contractor: Nexight Group
Title: 2016 Propane Mower Incentive Program
Amount Requested: \$1,000,000
Action: Approved

Mr. Perkins reviewed **Docket 20244**. Upon a motion duly made and seconded, the Council approved the new funding amount.

Docket: 20244
Principal Contractor: PERC
Title: Propane Irrigation Engine Market Development, Phase 2
Amount Requested: \$466,500
Action: Approved

Mr. Perkins reviewed the proposed change order to **Docket 20644**. Upon a motion duly made and seconded, the Council approved the additional funding, bringing the docket total to \$933,000

Docket: 20644
Principal Contractor: Swanson Russell

Title: 2016 Agriculture Market Outreach Program
Amount Requested: \$775,000
Action: Approved

Mr. Perkins reviewed **Docket 20639**. Upon a motion duly made and seconded, the Council approved the new funding amount.

Docket: 20639
Principal Contractor: PERC
Title: 2016 Propane Farm Incentive Program
Amount Requested: \$500,000
Action: Approved

Industry and Public Comments

The Council received no public comment.

Old Business

There was no old business.

New Business

There was no new business.

Mr. Van Buren announced that the next regularly scheduled Council meeting would take place Feb. 18, 2016, in Dallas. He asked that the Council meet by conference call to address the dockets the Council didn't get to in Boca.

By unanimous consent, the Council adjourned at 12:30 p.m. Friday EST.