



Minutes of the Board of Directors of the Municipal Electric and Gas Alliance
– July 15, 2013

Present: Doug Barton, Rick Blythe, Mary Pat Hancock, Jack Wheeler, Heather Brown, David Allen, Steve Hoover, Mark Taylor

Excused: Michael Stamm

Guests: Gordon Boyd, EnergyNext; Katy Vescio, NYSAC; Jonathon Wood, Counsel

Staff: Ron Feldstein, Executive Director; Barbara Blanchard, Customer Relations Manager; Stu Stein, Director of Research and Planning; Jennifer Luu, Office Manager

Call to Order and Approval of Agenda

President Barton called the meeting to order at 11:02 a.m.

Approval of Agenda

It was Moved by Ms. Hancock, seconded by Mr. Blythe and unanimously adopted by voice vote of members present to approve the agenda as presented.

Approval of Minutes

It was Moved by Ms. Brown, seconded by Mr. Taylor, and unanimously adopted by voice vote to approve the minutes of April 26, 2013 as written.

Administration

Executive Director's Report

Mr. Feldstein recapped his report as distributed with the agenda packet. It is included at the end of the minutes.

Customer Relations Manager's Report

Ms. Blanchard's report was distributed with the agenda packet and it is included at the end of the minutes. She reported that after working with Madison County for six years, they have finally joined the program.

Special Project Director's Report

Mr. Stein recapped his report and asked the Board for their input on whether they support a pilot program of having two or three members act in an ambassador type role within their individual counties. They would be asked to help with outreach and marketing and facilitate discussions with their town, villages, and school districts in an effort to obtain additional members to the Program. Informational packets would be provided and staff available to

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assist with these efforts. Ms. Brown, Mr. Taylor, and Mr. Blythe volunteered to be part of the pilot program. Mr. Stein will provide data and Ms. Blanchard and Mr. Feldstein will put the process together and help coordinate the effort.

Treasurer's Report

Mr. Hoover reviewed the audit report with the Board. He stated that the auditor's notes are the same as last year. He noted that income went down \$5,000, staff salaries went up by \$27,000, but revenue still came in well over projections resulting in less of the fund balance being used.

The Board discussed if they should be concerned about whether the suppliers are paying all of the revenue that is owed. Mr. Boyd noted as a part of EnergyNext's contract, they review all of the revenue reports provided by the supplies and verify the revenue prior to the figures being passed on to the Corporation. Mr. Wood suggested getting the financial reports from HESS and Integrys to show good faith to the auditors that follow-up occurred and that the companies are viable.

Resolution 13-5

It was Moved by Mr. Blythe, seconded by Ms. Hancock and unanimously adopted by voice vote to approve the audit report prepared by Sciarabba Walker &Co., LLP.

Resolved, on recommendation of the Audit Committee, that the Audit Report prepared by Sciarabba Walker &Co., LLP for the year ending March 31, 2013, is hereby accepted.

Resolution 13-6

It was Moved by Mr. Blythe, seconded by Ms. Hancock and unanimously adopted by voice vote to approve the investment audit report prepared by Sciarabba Walker &Co., LLP.

Resolved, on recommendation of the Audit Committee, that the Investment Audit Report prepared by Sciarabba Walker &Co., LLP for the year ending March 31, 2013, is hereby accepted.

The second quarter royalty report was not ready for today's meeting and will be made available to Board members once received. MR. Hoover reported that expenses and revenues are both tracking well thus far into the year.

It was Moved by Ms. Hancock, seconded by Mr. Taylor and unanimously adopted by voice vote to approve the Treasurer's report.

Resolution 13-7

Mr. Hoover stated the Discretionary Funds Policy is being recommended by the Authorities Budget Office

Resolved, That the Discretionary Funds Policy is adopted effective July 15, 2013 as follows:

Discretionary Funds Policy

The following is the policy of the Municipal Electric Gas Alliance ("MEGA") governing the use of the Corporation's Discretionary Funds.

As a broad statement of MEGA's policy: The Corporation will not use its funds to further interests beyond those which are the enumerated power, duty, and purpose of MEGA. The use of its funds shall, in all cases, directly relate to the mission and public purpose of MEGA.

As regards to specific acceptable expenditures, the following examples are provided:

- 1) Travel expenses directly related to the Mission of MEGA. These reimbursements should follow, whenever possible, the guidelines established by the General Services Administration, ("GSA") <http://www.gsa.gov/portal/category/100120> as considered reasonable and responsible. This would include meals of staff operating in pursuit of the Corporation's mission. All of these expenses must be reasonable in nature and documented.
- 2) Meals and refreshments for Board members offered during official meetings of MEGA and those other meetings that are directly related to MEGA's business.
- 3) Expenditures that fall within acceptable standards for marketing the programs and policies of MEGA.
- 4) Technology that supports the effective role of the Board of Directors and staff to include tablets, cell phones and computers.

As regards to specific unacceptable expenditures, the following examples are provided:

- 1) Gifts for staff, directors and/or family members.
- 2) Subsidized or free use of MEGA's services for the personal use of current or former board members, staff, or family members.
- 3) Celebrations for special occasions that do not directly relate to the purpose of MEGA such as catering or decorations for summer picnics, office parties and holiday or retirement parties.
- 4) Charitable contributions or sponsorships of events not associated with MEGA's mission.
- 5) Costs to purchases or mail holiday cards, invitations or expressions of sympathy to staff or families or MEGA staff.
- 6) Assignment of cell phones/ tablets to non- MEGA staff.
- 7) Personal use of MEGA's resources including but not limited to office supplies.

Absent specific statutory power, public authorities may not use public funds to purchase items considered personal expenses or that are intended to personally benefit an employee or director. Expenses such as those listed above do not advance a public purpose and should be considered personal in nature and violate the policy of MEGA.

Royalty Report

The second quarter royalty report was not ready for today's meeting and will be made available to Board members once received.

Consultant's Report

Rockland County Update

Mr. Boyd reported Rockland County is hosting a Rockland/Orange County bid and it is expected out in September.

Hess Corp. Update

Mr. Boyd reported Hess is getting out of the natural gas and electricity supply business so a portion of the business is up for sale. Direct Energy has expressed interest in acquiring that portion of the business but not is final at this point. Additional updates will be provided when available.

Procurement for Renewable Energy thru Remote Metering Update and Draft RFP

Mr. Boyd stated in 2012 New York State updated Section 66j of Public Service Law allowing for the off-site production of up to 2 MW of solar, micro-hydroelectric, and farm waste-to-energy, and the purchase from those sources on a net-metering basis. He stated the potential outcomes of this initiative include fostering the development of small, renewable energy facilities in New York State, which would enable MEGA's participants to directly purchase electricity produced by those facilities. This would stabilize and possibly reduce the cost of electricity for MEGA's participants, while putting idle and unproductive land to productive use, and contributing to the reduction of greenhouse gasses.

It was Mr. Boyd's recommendation that MEGA issue an RFP soliciting interest in such an initiative and based on the outcome decide at that time if this is something to pursue.

It was Moved by Ms. Hancock, seconded by Ms. Brown and unanimously adopted by voice vote to approve the release of the draft RFP.

NYSAC Report

Ms. Vescio reported the Fall Seminar is being held September 25-27, 2013 at the Hilton Hotel in Saratoga Springs. An informational mailing will be going out shortly to promote the Energy Track at the conference.

Old Business

None

New Business

None

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Announcements

The next Board meeting will be held on September 27, 2013 during the NYSAC Conference in Saratoga Springs. An email will go out to Board members announcing the time and seeking their input about hotel needs.

Adjournment

It was Moved by Mr. Blythe, seconded by Mr. Taylor and unanimously adopted by voice vote of members present to adjourn the meeting at 1:25 p.m.

Executive Director's Report

As I mentioned last year, our goal is to keep the recruitment line moving. MEGA continues to prosper. With the help of EnergyNext and NYSAC we continue to grow despite the periodic loss of some participants. Some believe that going it alone (self procuring) results in economy and thrift often find it more challenging and expensive and with some frequency, return to MEGA participation. We know that public officials must find ways gratify their constituents and energy conservation and cost cutting are popular. But often, they do return.

We are financially secure and are meeting the many challenges that periodically confront public organizations. We continue to meet the requirements of the Public Authority Accountability Act and I am pleased to report that we have established all the guidelines and will meet all deadlines with reports and committee reviews.

As an indication of growth, below is a list of recent municipal additions to our rolls:

- Albany Airport Authority
- Arlington Central School District
- Cobleskill-Richmond CSD
- Cortlandville Fire District
- County of Clinton
- Greene County EMS
- Jefferson County
- Livingston Manor Central School
- Monticello Central School District
- Roxbury Central School District
- NYS Association of Counties
- Schenectady Community College
- Selkirk Fire District Inc.
- St. Lawrence County
- Town of Clarkstown
- Town of Dryden
- Town of Horseheads
- Town of Lake George
- Town of Madrid
- Town of Marcellus
- Town of Moreau
- Town of Otego
- Town of Perry
- Town of Queensbury
- Town of Saratoga
- Town of Saugerties
- Town of Ulster
- Town of Vestal
- Wappingers Central School
- Village of Lake George
- Village of Otego
- City of Glens Falls
- Orleans County
- Elmira Arena

Additionally, we are expecting the counties of Madison and Schoharie to participate.

We have found that the combination of persistence and follow-up by MEGA staff members, EnergyNext, NYSAC staff, and suppliers has led to successful marketing and recruitment. And above all our good name and participant referrals and testimonials are invaluable.

Participation and exhibiting at "umbrella" organization meetings and conferences has proven to be effective and productive. So far this year we have attended NYSAC's Legislative Conference and Finance School and will of course attend the Fall Seminar in Saratoga Springs. We have also attended the New York State City/County

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Customer Relations Manager Report

With any luck at all, the work reported in the previous quarter's report regarding Madison county will have come to fruition and MEGA will welcome Madison County into the program. More at Board meeting. Also reported last quarter – a positive meeting with City of Glens Falls which is also a new program participant!

Attended the Adirondack Intercounty Meeting in Johnstown in May. Made announcements about opportunities to participate in SCR program and the Energy Track Workshop. At least half of their member counties are already in MEGA and we will keep following up with the others, especially Fulton County. Met Administrative Officer, Jon Stead, and gave him complete packet of materials.

Attended Western Intercounty meeting in June in Elmira. Made a brief announcement and distributed literature on SCR and the Energy Track. (copy attached)

Still hoping to arrange a MEGA presentation in Cattaraugus County working with corporate rep from Cattaraugus County, Crystal Abers. Probably looking for early Fall now with hopes something could be combined with a visit to Allegany County. Help may also be available from the Real Property Tax Director in Allegany who is a friend of Doug Barton.

Made a presentation to the Saratoga County Town of Charlton at corporate member Alan Grattidge's request. He is the Town Supervisor and, although the town has not yet executed contracts, Gordon and I are both working with Alan to get any issues resolved.

Trial protocol with Todd Loucks, Hess representative continues. Hard to tell if anything positive comes about as a result of my follow up e-mails to Todd's contacts but it doesn't take much effort and it occasionally seems to revive some interest.

Attended the SAMPO (NYS Purchasing Officials May 8th, NYSSBO NYS School Business Officers June 3rd through 5th), and NYS ICMA (County, city, village administrators May 20th-22nd). Special targeted one-page handouts with Participation Form on back developed for NYSSBO (sample attached) and ICMA sample attached. ICMA contact opportunities were very good. It's a small gathering – maybe 50 total – but the organization makes a presentation time available where you can speak to the entire group. Good leads from Cit of Beacon and Canandaigua. More follow up needed.

Met with NYSAC staff to continue planning for Energy Track in September.

Am working on a proposal to discuss at our September meeting regarding MEGA's interest in getting support from other municipal organizations such as the Association of Towns. Idea is to get consensus on how to approach these groups with our expectations and how working with us could be of financial benefit. At this point I am not considering royalty sharing, rather some flat fee arrangement. Will discuss briefly at the meeting to get input from Board.

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Management Association in Lake Placid, The Association of School Business Officials in Saratoga and will be attending the Fireman's Association of New York next month in Albany.

To further extend out marketing outreach we will enlist the assistance of MEGA Board members. Together, we will prepare marketing materials, set up meetings and luncheons and follow up with potential prospects. Our goal this quarter is to identify one or two board member counties at which we may pilot this program.

The *MEGA Newsletter* is at the press as of this writing. We will be published on a quarterly basis with electronic distribution. We also are planning periodic "e-mail blasts" with topics under the headings of "breaking news."

Breaking news in the past included the OGS energy procurement program. To date we have heard nothing more with respect to the marketing of the program or its effectiveness. .

At today's Board of Directors meeting we will further discuss MEGA's possible procurement under New York State's revised *remote net metering* laws. Net metering is an electricity policy for consumers who own renewable energy facilities (such as wind power and solar power), and allows them to use generation whenever or wherever needed, instead of just when generated.

Under revised laws, municipalities may now reap the benefits of economical power with long term contracts with distant generation sites.

Finally, we look forward to our next Board of Directors meeting in Saratoga Springs in conjunction with the NYSAC Fall Seminar (September 25-27) and the Energy Management Training Institute. This year's Institute will cover subjects to include:

- Dynamics of the energy market (e.g. pricing of oil and gas)
- Economic and environmental policies as they affect energy markets
- Strategies for working within a deregulated system (details on the ISO)
- Compressed Natural Gas (CNG) options for vehicle fleets

Director of Research and Planning Report

During the past quarter, I undertook further research on trends in the operations of MEGA and a review of the priorities that were set by the MEGA Board when it discussed the Strategic Plan at meetings last year. Two items, in particular, were addressed during the past quarter:

1. developing a closer relationship with current MEGA participants via publication and dissemination of a newsletter; and
2. Involving the Board more directly in MEGA activities.

After several discussions among the staff, the first newsletter was prepared and e-mailed recently (copies will be available at the Board meeting).

In addition, an approach was developed to allow individual Board members to participate more directly in the marketing of MEGA to non-participants in their counties, while also building closer relationships with current MEGA participants in their counties. (This increased level of participation was recommended as a priority in recent discussions.) It will be recommended that one or two counties be selected as a trial. Preliminary research was carried to provide a sense of the scale of effort that would be required for Board members if they were to engage in such an effort.

An outline of a proposal for involvement of Board members will be presented at the July 15th meeting. I will be seeking a reaction from the members about their willingness to invest a limited amount of time in such outreach efforts (with full backing of the staff, of course).