



Minutes of the Board of Directors of the Municipal Electric and Gas Alliance
– September 14, 2012

Present: Doug Barton, Rick Blythe, Mary Pat Hancock,, Jack Wheeler, Michael Stamm, Heather Brown, Mark Taylor

Excused: David Allen, Steve Hoover

Guests: Gordon Boyd, Energy Next; Ed Diana, Steve Acquario, Mark LaVigne, NYSAC

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 8:02 a.m.

Approval of Minutes

It was Moved by Mr. Stamm, seconded by Mr. Taylor and unanimously adopted by voice vote to approve the minutes of July 13, 2012 with the following change:

Delete: Last sentence of paragraph one of Treasurer's report, "He would like to discuss the split of royalties with NYSAC and quantify growth since the agreement was implemented."

Mr. Barton explained that this is a much broader conversation beyond NYSAC that will be discussed when contracts are due.

Administration

Executive Director's Report

Mr. Feldstein's report was distributed with the agenda packet and 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 there were six people enrolled in the Energy Track session and five people participated. A reception was held, people were networking with each other, and it was a very successful program.

Special Project Director's Report

Mr. Stein's report was distributed with the agenda packet and it is included at the end of the minutes.

Mr. Feldstein reported that Mr. Stein has taken on the role of developing MEGA's strategic plan and research and planning is necessary in moving the organization forward, He is recommending that Mr. Stein's title be changed to Director of Planning and Research. The position description was included with the agenda packet.

Mr. Taylor asked if there are a series of projects that Mr. Stein will be working on with reports to the Board. Mr. Stein indicated there have been a number of items he has been exploring such as school districts and BOCES. He is also looking into vehicle fueling stations to see if there may be opportunities there.

It was Moved by Ms. Hancock, seconded by Mr. Blythe and unanimously adopted by voice vote of members present to approve the change of Mr. Stein's title from Director of Special Projects to Director of Research and Planning.

Treasurer's Report

In Mr. Hoover's absence, Ms. Luu provided the budget update. The organization is in good shape. The budget distributed included five months of expenses and six months of revenue. The third quarter royalties may be higher as a result of the heat this summer. The accountant's bill for the audit is being reviewed. Costs went up considerably as a result of the ABO requiring a full audit as well as an audit of investments. There has been discussion about issuing a RFP in the future.

She noted at the last meeting there was discussion about adding additional checks and balances to accounts payable/receivable as she is responsible for both functions. Mr. Stamm has been providing review of deposits and checks and everything is running smoothly.

The second quarter royalty report was distributed. Mr. Boyd explained that revenue went down in the second quarter as a result of the weather. Customers continued to be added. He noted the bid in Central Hudson and Orange & Rockland utility territories is coming up and this will result in additional participants as well.

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

Consultant's Report

Benchmarking Accounts

Mr. Boyd reported suppliers are geared up to supply detailed account information to counties and large users so they can budget more accurately. Information will go out to counties automatically and to large users on request.

Mr. Boyd reported he was contacted by Integrys who is interested in responding to a NYSERDA RFP for solar installations. Integrys is requesting a one-year extension of their program agreement for supplying solar energy systems in order to respond to the RFP. The Board had questions about who the funding benefits, i.e., Integrys or the customer and Mr. Boyd will request additional information. The Executive Committee will be asked to convene to approve the extension in the coming weeks once more information is known.

NYSAC Report

Mr. Acquario reported there are currently 31 counties participating in MEGA and NYSAC continues to promote and provide outreach for the program. A meeting is being held with the New York State Association of School Board's next week and the Energy Track at this year's NYSAC conference was very successful. He stated he will be meeting with OGS officials to discuss the State's intention enter the market. They are planning to run a pilot program between Oneida and Onondaga counties. Oneida County has not heard anything regarding the program. If a Request for Proposals were released he would like MEGA to have the opportunity to respond.

There was discussion about the best way to inform and educate newly elected members county officials and one way to get information out is during the orientation session for newly elected officials that is offered in February at the NSYAC conference.

Mr. Acquario thanked Ms. Hancock for her leadership as President of NYSAC in 2012 and introduced Ed Diana, newly elected president for 2013. Mr. Diana is the Orange County Executive. Mr. Diana thanked MEGA for the program(s) that they offer and stated Orange County has been participating for the last two years and to date has saved \$1.5 million. He stated two community outreaches have been hosted by Orange County to bring awareness of MEGA's programs to Orange County municipalities and a third session is being planned.

Old Business

None

New Business

Pay to Play Option

Mr. Feldstein reported that participation with umbrella groups often affords a means of recruiting new participants. Not unlike MEGA's partnership with NYSAC, we have been in contact with several of these umbrella organizations. And not unlike the financial relationship with NYSAC, these groups are also interested in generating revenue for lending their name and other resources to MEGA's involvement with their own participants or members groups. We have found this to be true in talking with organizations representing school boards, colleges, disability organizations and others. These fees could range in the tens of thousands of dollars.

Mr. Feldstein recommended and there was Board consensus to look at each prospective "partner" on an individual basis. Staff and consultants will perform cost-benefit analyses to determine levels of involvement. In some cases it may be more effective (and less costly) to recruit each unit, rather than seek the help and guidance of the umbrella. And certainly the converse may be true as it is with the MEGA/NYSAC's partnership.

Adjournment

It was Moved by Mr. Stamm and unanimously seconded to adjourn the meeting at 8:55 a.m. The next Board meeting will be held January 25, 2013 at the Corning Radisson in Corning NY.

Executive Director's Report September 2012

Recruitment and Retention

Essential to the good health of MEGA is its ability to recruit new participants as well as the retention of existing members. Staff and consultants commit a majority of their time to this effort. Most participants (both existing and prospective) realize that MEGA affords them a good deal. But competition for the energy buck magnifies especially among organizations operating with minimal and sometimes depleted budgets.

Elected (and other) officials are trained to seek out the most economical and transparent sources of expenditures. "When you buy a bulldozer you take bidsso why not for kilowatts or therms?" "So let's ask MEGA to submit an answer to our RFP with the other suppliers." Or "We need an energy consultant so let's let do an RFP" and "MEGA needs to respond with the other consultants." Thus MEGA's job becomes more complicated and tedious. Not only do we need to explain and re-affirm MEGA's role but often we are driven to respond to disparate RFP's.

The staff and consultants recognize "R&R" as the highest MEGA priority and will continue to afford generous resources to its implementation.

Pay to Play

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I recommend dealing with each prospective "partner" on an individual basis. The staff and consultants will perform cost-benefit analyses to determine levels of involvement. In some cases it may be more effective (and less costly) to recruit each unit, rather than seek the help and guidance of the umbrella. And certainly the converse may be true as it is with the MEGA/NYSAC's partnership.

In a few days we will be meeting with the leadership of The New York State School Boards Association to discuss a possible "partnering" relationship. NYSAC has already brokered a relationship with NYSBBA and their workers comp. affiliate. With respect to energy, we know that BOCES plays a major role in energy procurement with hundreds of school districts. We also know that BOCES administrators dominate NYSSBA's leadership. Our pay to play thinking along with cost/benefit analyses will be tested early.

Director of Planning and Research

I am recommending to the Board a change in title and emphasis for the Director of Special Projects. Stu Stein's recent success in developing MEGA's strategic plan focused our attention to forward progress. Positive progress needs analysis. As mentioned earlier, energy procurement, consulting and supplying is far more competitive than it was in the early days of MEGA. Research and planning is mandatory and no one in our organization is more prepared than Cornell Professor Emeritus Stu Stein.

Municipal Electric and Gas Alliance, Inc.
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Auditing Expense

In meeting the requirements of the PAA (Public Accountability Act) we were aware that our auditing expense would inflate... but not to the level of over 150%. I recommend that we seek future auditing estimates via an RFP.

Hip Hip Hooray

On October 2nd I will be receiving a new hip at Binghamton General. I expect to be unavailable for a week or so, but able to resume sedentary work thereafter. I know the staff, as always, will pinch hit in my absence.

**Customer Relations Manager's Report
September 2012**

Had met with East Ramapo Central School District and Kiryas Joel School District staff in April re: possible participation in MEGA. In August, asked to respond to an RFP for Energy Consulting Services issued by ER CSD. Submitted the attached letter and was invited to interview. Gordon and I did a presentation to the School Board on 9/4 based on the response outlined in Ron's letter. Felt we were well received but do not expect them to commit. Can expand on this at the Board meeting.

Met with Tompkins County Planning/Econ Dev Committee on 7-11 for information only. Purpose was to make sure county is well-informed about MEGA which was not the case last year at this time. Meeting went very well – much more cordial than last year. Left packets of material for distribution to the full legislature.

Met with Hamilton County's buildings and Grounds Committee 8/27 in Lake Pleasant. Learned that there was some confusion regarding choice between variable and fixed pricing. This will be cleared up by informing ESCO sales reps in all of our territories about the importance of providing customers with both options – not just fixed.

Contact with Columbia County: initial meeting when Gene and I met with Columbia County's Legislative Committee on Government Operations went very well. I indicated in July report that the presentation seemed very well-received I expected some positive follow-up. Disappointing to date. All efforts at contact – including multiple e-mails and phone calls plus special outreach for Energy Track have produced no response. Will continue to try.

Consulted with EnergyNext on use of the SUGAR program. Gene is an able teacher and I'm slowly getting it. Am authorized to edit now and I'm sure this is going to be a big improvement once we are fully operational. Personal opinion – at least 6 months to iron out all the wrinkles and up the learning curve.

Worked with Steve Acquario and Mark LaVigne on NYSAC coverage while Katy was on maternity leave. Things worked smoothly with other NYSAC staffers also helping out but will be very glad to have Katy back in person.

Will be making a trip 9/10 to Town of Pike in Wyoming County bracketed with a visit to Ontario County to meet our new contact person there. Also expect to meet with Dave Allen for an introduction to Livingston County's County Administrator plus any others Dave thinks should be in the loop there. More on this at the meeting.

Invited to make a presentation to the Cortland County Towns, Villages, City and School Districts group on 29/27. Rescheduled from earlier this summer.

Spent lots of time on Energy Track participation/outreach. Will have an update at meeting on outcome of the program this year.

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**Director of Special Projects Report
September 2012**

Most of the time during the past quarter was spent doing research on aspects of the MEGA Strategic Plan. The primary focus of this research was to develop background information on the purchasing of electricity and gas by public school districts and by BOCES districts throughout New York State (one of the proposed targets of the MEGA plan). A considerable amount of useful information, which can guide our efforts, was collected and discussed with other staff members by phone, e-mailings and staff meetings.