

Minutes of the Annual Meeting of the Municipal Electric and Gas Corporation - April 24, 2015

Present: Michael Stamm, Bob Edwards, Crystal Abers, Heather Brown, Karen Sullivan, John Driscoll, Lee Ann Tinney, Steve Hoover, Mary Pat Hancock

Emeritus Members: Rick Blythe

Guests: Gordon Boyd, Gene Salerni, Energy Next; Katy Vescio; NYSAC; Jonathan Wood, Corporation Counsel; Martha Sauerbrey, Tioga County; John Callucio, City of Schenectady

Staff: Ronald Feldstein, Douglas Barton, Barbara Blanchard

Call to Order and Approval of Agenda

President Stamm called the meeting to order at 11:00 a.m.

Announcement of New Corporate Members

Mr. Stamm announced and following new members to the Corporation and welcomed those in attendance to the meeting.

- Joseph Steinhoff (Cortland County)
- John LaPointe (Washington County)
- John Driscoll (Livingston County)
- Karen Sullivan (Otsego County)

Approval of Minutes

It was Moved by Ms. Hancock, seconded by Ms. Abers and unanimously adopted by voice vote of members present to approve the minutes of April 24, 2014 as submitted.

Resolution 15-1 - Board of Directors for 2015-2016

It was Moved by Ms. Hancock, seconded by Mr. Hoover and unanimously adopted by voice vote of members present to approve the Board of Directors for 2015-2016.

Resolved, that the following members of the Corporation are hereby elected to serve as the Board of Directors for the year 2015-2016:

- Crystal Abers – Cattaraugus County
- Michael Stamm – Tompkins County
- Heather Brown – Sullivan County
- Mark Taylor - Schuyler County
- Mary Pat Hancock - Genesee County
- Steven Hoover - Chemung County

- Jack Wheeler – Steuben County
- Robert Edwards – Hamilton County
- Karen Sullivan – Otsego County

It was Moved by Mr. Wheeler, seconded by Mr. Blythe and unanimously adopted by voice vote of members present to approve the Officers of the Board of Directors for 2014-2015.

Resolution 15-2 - Election of Officers

It was Moved by Ms. Hancock, seconded by Ms. Abers Blythe and unanimously adopted by voice vote of members present to accept the slate of officers presented by the Nominating Committee for 2015-2016 as follows:

President – Michael Stamm
Vice-President – Mark Taylor
Secretary – Mary Pat Hancock
Treasurer – Steve Hoover

Treasurer's Report

Year End Financial Report

Mr. Hoover reviewed the financial report for the year. Cash totals \$340,000; there is \$189,000 in receivables totally over \$500,000 in current assets. Total income for the year shows \$628,000 resulting in a very healthy surplus of \$73,000 in surplus. Mr. Boyd provided a brief overview of the income sources for new members noting that suppliers build in the MEGA commission (\$.001/kwh and \$.08/dekatherm) as part of their bid. Renewable programs – solar and hydro – will also produce revenue as will the new on site CNG program. Commissions are split between MEGA and EnergyNext. The New York State Association of Counties also participates in a portion of the revenues by virtue of a separate agreement.

It was Moved by Ms. Brown, seconded by Mr. Edwards and unanimously adopted by voice vote of members present to accept the Treasurer's report as presented.

Resolution 15-3 - Adoption of 2015-2016 Budget

Mr. Hoover reviewed the 2015-16 Budget proposal noting that the \$827,000 proposed represents an increase over 2014-15; salary increases and other expenses are consistent with program priorities. He also noted that, in 2014, NYSAC received \$87,000 which is expected to increase to \$121,000 in 2015-16. EnergyNext's share of is also expected to grow to \$390,000. He stated that he will be working with Ms. Luu to separate the solar and hydro programs in the budget so those revenues can be tracked separately.

Ms. Hancock asked how the renewable amount was calculated. Mr. Boyd stated that revenue from the Solar City and Gravity Renewables projects is delivered up front at a rate discounted for present value. This is a one-time payment and may not be recurring. Contracts with both suppliers spell out this option.

Mr. Hoover expressed his belief that the fund balance is too high and the organization could be subject to criticism because of this. He suggested effort should be given to establish a method of returning a "dividend" to our customers.

It was Moved by Mr. Hoover, seconded by Ms. Hancock and unanimously adopted by voice vote to increase the level of customer support by \$75,000, with the definite expense to be determined as needed and better defined.

It was Moved by Mr. Hoover to further amend the budget to appropriate up to \$25,000 for a mechanism to return a dividend to customers of long standing or some similar dividend approach. General discussion ensued. Stamm noted that this concept was discussed in depth at the Strategic Planning Session on the previous day with no clear consensus developing.

Ms. Hancock noted that the group agrees on increasing support to customers; but wondered if a rebate or dividend approach is legal. Mr. Wood stated he would look into this, but off the cuff thought that there may be a legal issue for not-for-profits to pay from reserves because this could be construed as members paying themselves. Additional research is needed.

Mr. Edwards reiterated Mr. Stamm's position that the group could not reach consensus at the strategic planning session held yesterday. He stated he would like the idea researched and investigated more thoroughly before any action is taken.

Mr. Driscoll asked what an appropriate fund balance might be and how the amount of \$25,000 mentioned in the proposed amendment was determined. Mr. Hoover stated \$100-200,000 would be appropriate. According to the Comptroller 15 – 20% is adequate. The \$25,000 is based on a prudent approach i.e., start small with the goal of developing a new vision, new service. For example, the solar projects are complicated and it would be nice to have a person available to advise on them.

Mr. Feldstein stated the major concern is the question of legality and equity and recommended the motion be tabled until there is time to fully evaluate ideas and develop procedures.

Ms. Hancock suggested the Executive Committee be charged with developing a recommendation based on legal opinion, formula for fund use and other information required to make a decision

Ms. Tinney asked what sort of impact we might anticipate from spending additional funds in this way. Ms. Hancock stated not enough is known at this time but the impact probably would be in the form of appreciation from our customers rather than any additional revenue. She suggested moving \$71,000 to Special Projects as a place holder.

It was Moved by Mr. Edwards, seconded by Mr. Driscoll to TABLE the motion for further action by the Executive Committee. A voice vote resulted as follows: Ayes – 9 (Michael Stamm, Bob Edwards, Crystal Abers, Heather Brown, Karen Sullivan, John Driscoll, Lee Ann Tinney, Mary Pat Hancock) Noes – 1 (Steve Hoover). MOTION CARRIED.

Mr. Stamm stated the Executive Committee will be charged with review of this proposal and legal opinion.

It was Moved by Ms. Abers, seconded by Ms. Brown and unanimously adopted by voice vote of members present to approve the 2015-2016 budget with the inclusion of \$75,000 for additional customer support.

Establishment of 2016 Annual Meeting Date

There was consensus of members present to tentatively establish April 22, 2016 as the 2016 annual meeting date.

Announcement

Ms Blanchard announced a Memorial Service for Stuart Stein will be held on Sunday, May 3rd 1:30 p.m. at Statler Hall, Cornell University in Ithaca.

Adjournment

It was moved by Mr. Hoover, seconded by Ms. Hancock and unanimously adopted by voice vote of members present to adjourn the meeting of the corporation at 11:25 a.m.

Minutes prepared by Barbara Blanchard and Katy Vescio.