



Minutes of the Board of Directors of the Municipal Electric and Gas Alliance
– July 10, 2015

Present: Michael Stamm , Mary Pat Hancock, Heather Brown, Steve Hoover, Bob Edwards, Crystal Abers, Karen Sullivan

Ex-Officio Members: Rick Blythe

Corporate Members Attending: John Flynn, Broome County

Excused: Mark Taylor, Jack Wheeler

Guests: Gene Salerni, Gordon Boyd, EnergyNext; David Wiers, Anna Baluyot, Satori Energy, Louise Gava, St. Lawrence University, Marisa Franchini, Counsel, New York State Council of Mayors

Staff: Ron Feldstein, President & CEO; Barbara Blanchard, Customer Relations Manager; Doug Barton, Business Relations Manager; Jennifer Luu, Office Manager

Call to Order and Approval of Agenda

Chairman Stamm called the meeting to order at 9:01 a.m. Introductions followed.

Approval of Minutes

It was Moved by Mr. Edwards, seconded by Ms. Brown, and unanimously adopted by voice vote of members present to minutes of April 24, 2015 as presented.

Administration

Resolution – Adoption of Bylaw Amendments

It was Moved by Ms. Hancock, seconded by Mr. Edwards, seconded by Ms. Brown, and unanimously adopted by voice vote of members present.

RESOLVED, That the by-laws are hereby amended as follows:

Section 9. Member Voting is changed to read: “Each Member shall have one vote. Voting must occur in person or through videoconferencing. Proxy voting is not allowed.”

Article VII – Committees is changed to add:

“Section 3. Governance Committee. The Chairman of the Board shall appoint the Governance Committee annually at the annual meeting. The Governance Committee shall consist of 2 members and will meet as required in person, conference call or other electronic collaborative method to fulfill its duties. The Governance Committee will keep the Board informed of current best practices in corporate governance; update the Alliance’s corporate policies and practices;

and ensure that directors elected to the Board receive appropriate briefing to serve effectively. Members shall serve until their resignation, retirement, or removal by the Board Governance. Committee members may not be employed by the Alliance or engage in any private business transactions with the Alliance. The governance committee shall report to the Board, at least annually, regarding any proposed changes to policies or governance guidelines.

Section 4. Audit Committee. The Chairman of the Board shall appoint the Audit Committee annually at the annual meeting. The Audit Committee shall consist of 2 members and will meet as required in person, conference call or other electronic collaborative method to fulfill its duties. The Audit Committee's role is to ensure that the Board of Directors fulfills its responsibilities for the Alliance's internal and external audit process, the financial reporting process and the system of risk assessment and internal controls over financial reporting; and to provide an avenue of communication between management, the independent auditors, the internal auditors, and the Board of Directors. The audit committee will meet with the authority's independent auditor at least annually to discuss the financial statements of the authority and shall report to the Board, at least annually."

Resolution: Authorizing A Contribution To The Stuart Stein Memorial Fund

It was Moved by Mr. Edwards, seconded by Ms. Brown, and unanimously adopted by voice vote of members present.

WHEREAS, Stuart Stein was one of the original founders of the Municipal Electric and Gas Alliance (MEGA), and

WHEREAS, Stuart was active in many activities and programs that provide assistance and support to communities in a variety of areas including tourism, economic development, and historic preservation as well as energy, and

WHEREAS, a Memorial Fund has been established to provide resources to continue these endeavors and honor his memory, and

WHEREAS, MEGA's work is consistent with and supportive of the purpose for which the Memorial Fund was established, now therefore be it

RESOLVED, That the Board of Directors of the Municipal Electric and Gas Alliance does hereby authorize a contribution to the Fund in the amount of \$1000.

RESOLVED, further, That the budget is hereby amended to move \$1000 from the Advertising – Other budget line to Memorials.

Resolution: Budget Amendment

It was Moved by Ms. Brown seconded by Mr. Edwards and unanimously adopted by voice vote of members present.

Mr. Barton noted that currently no decision has been made on how the funds will be spent; doing the adjustment now gets the budget in order. Mr. Hoover cautioned that this could be a recurring need and we need to be careful expending funds at this level. Mr. Feldstein stated additional revenue is anticipated to cover any ongoing expenses. Ms. Sullivan asked if

the Board will vote on how the funds will be used once programs, etc. are identified and Mr. Feldstein assured her that the Board will be involved in the process either at the Board or Executive Committee level.

WHEREAS on April 24, 2015 the Board of Municipal Electric and Gas Alliance, Inc. approved the budget for April 2015 thru March 2016, and

WHEREAS there are a number of new programs being considered that could create new energy programs in New York State, and

WHEREAS Municipal Electric and Gas Alliance, Inc. has a mission to secure the best pricing for our participants in current and future programs, and

WHEREAS during our planning process it was identified that many of these new program opportunities would require a financial commitment, and

WHEREAS the current operating budget did not expend any of the corporations fund balance, be it

RESOLVED, that the budget be amended add \$75,000 to the Income portion of the budget to line item "Appropriation of Fund Balance",

RESOLVED, further that the budget be amended to add \$75,000 to the Expense portion of the budget to the line item "Total Special Projects" to guarantee the ability of the corporation to properly respond to any new programs that will continue our mission.

Resolution: Extension of Contract with Direct Energy for Electric Supply, Renewable Energy Credits and Natural Gas Supply in the Central Hudson Utility Territory.

It was Moved by Mr. Hoover, seconded by Ms. Hancock and unanimously adopted by voice vote of members present.

WHEREAS, on December 12, 2012, the Genesee County Legislature approved Resolution No.499, authorizing the Municipal Electric and Gas Alliance to release bids for electric and natural gas supply and renewable energy credits in the Central Hudson Gas & Electric utility territory, and

WHEREAS, All political subdivisions and districts within the State of New York were authorized to participate in the contracts awarded as a result of these bids, and

WHEREAS, Bids were received and opened on January 13, 2013, evaluated by MEGA staff and consultants, and contracts awarded to Direct Energy (formerly Hess Corporation) for electric supply, renewable energy credits and natural gas supply, and

WHEREAS, an extension of the aforementioned contracts are requested to bring the Central Hudson procurement timelines into line with other procurements conducted by MEGA, now therefore be it

RESOLVED, That the contracts with Direct Energy for electric supply, renewable energy credits and natural gas supply are hereby extended through January 2018.

Resolution: Authorization to Procure – Demand Response Program – St. Lawrence County

Mr. Boyd explained that St. Lawrence County approached MEGA about the possibility of procuring for a demand response program. This program allows large customers to benefit financially when they curtail either when prices are high and/or the system is under stress. St. Lawrence has indicated that they are willing to take the lead on the procurement process. It was Moved by Mr. Hoover, seconded by Ms. Brown and unanimously adopted by voice vote of members present to approve the procurement of a demand response program through St. Lawrence County.

Community Choice Aggregation

Ms. Baluyot and Mr. Weir provided an overview of the CCA program and their experience and success in Illinois. Community Choice programs allow municipalities to provide aggregation to their residents on an opt-out basis. Currently, there are proceedings underway at the Public Service Commission and the PSC, through separate proceedings has authorized a pilot program in Westchester County. The presentation is available upon request.

Mr. Boyd stated that he would like to ask the Public Service Commission to allow MEGA to do a pilot program as MEGA has the experience and customer base to operate such a program.

Resolution: Authorizing EnergyNext to Represent MEGA in Petitioning the New York State Public Service Commission

It was Moved by Mr. Hoover, seconded by Ms. Brown and unanimously adopted by voice vote of members present.

Ms. Brown stated that the Sullivan County group that is also trying to get a pilot program copied the Westchester proposal, but it also has a surcharge attached to build out renewable projects in the County. There are a lot of questions about the surcharge and whether referendums are needed, etc. Mr. Boyd stated that MEGA request will support public referendum.

WHEREAS, the Municipal Electric and Gas Alliance has, since 1998, provided a platform to allow local governments in New York State to access competitive energy markets developed through the proceedings of the New York State Public Service Commission, and

WHEREAS, the NYSPSC has recently initiated Proceeding 14-M-0224 which would authorize Community Choice Aggregation (CCA) programs in New York State, and

WHEREAS, such CCA programs would provide an opportunity for local governing bodies to choose a means of procuring energy supplies for residential customers, providing savings and stability through an open, transparent and competitive procurement, and

WHEREAS, MEGA sees CCA programs as an additional means by which MEGA can assist its municipal participants, and

WHEREAS, an opportunity exists to petition the NYSPSC for authorization to conduct a pilot program to establish the efficacy of CCA both for MEGA and local governments in the state, and

WHEREAS, MEGA's consultant, EnergyNext, has proposed to engage counsel at its expense to initiate the petition and approach the PSC with MEGA's qualifications, capabilities and willingness to conduct such a pilot program, now therefore be it

RESOLVED, That the MEGA Board of Directors hereby authorizes EnergyNext, Inc. to represent MEGA in this matter, and in collaboration with MEGA staff pursue developing and presenting a petition to the NYSPSC for a pilot Community Choice Aggregation program.

President's Report – Included in Agenda Packet

Finance and Budget

As the Treasurer will report, MEGA's financial position remains healthy. Income growth is primarily attributed to the addition of several participating entities as well as a very cold winter. As expected commissions attributed to the Solar City projects will begin arriving in October and those from Gravity shortly thereafter. Our consultants are estimating an influx of approximately \$500,000.00 in SCTY and GR commissions that will be divided among our partners (Energy Next and NYSAC).

As discussed in April the unexpended surplus funds continue to be a source of study. You will hear recommendations from our consultants (Satori/Energy Next) regarding prospective personnel and legal expenditures. Staff will review these recommendations and submit any budgetary changes and a possible new job description and revision of current job descriptions to the Board or Executive Committee. Anticipating potential expenditures and in line with Board discussions last April, I am recommending a reallocation of \$75,000.00 from our reserves.

Our accounting firm, Sciarabba Walker & Co., LLP is presently completing our audit. With the passage of the bylaw amendment establishing the audit committee, I will present the audit to the committee for review and its forwarding to the Board or Executive Committee for acceptance.

Sponsorships and Affiliations

We continue to maintain our successful partnership with NYSAC as well as sponsorships with the NYS Conference of Mayors and the NYS Association of School Business Officials. MEGA and EnergyNext staff have participated and exhibited at each of the organization's conferences and workshops. We have found these opportunities extremely valuable in both our recruitment and retention goals. This has been accomplished not only by *meeting and greeting*, but also by providing their participants with a wealth of contemporary information about energy and the energy market.

In late April we were notified that the school business officials association (NYSASBO) would let an RFP seeking an Energy Consultant. EnergyNext provided expert leadership in the preparation of MEGA's response. In late May we were notified of our success. We prepared and executed a Memorandum of Understanding (copy of MOU and RFP attached) detailing our new relationship.

We have tentative approval from the Conference of Mayors for MEGA to be NYCOM's energy consultant/procurer. We are preparing a memorandum of understanding.

MEGA staff and consultants were in agreement that at present we did not wish to enter into a partnership arrangement with NYSASBO (as we currently have with NYSAC). Instead we proposed increasing our sponsorship to the \$15,000 level that would include valuable services from both parties in lieu of the sharing of royalties. This agreement will run for three years. We all know that there are over 900 NYS school districts (including BOCES) and that many are located downstate and not appropriate for many of MEGA programs. Yet many are affiliated with BOCES and other aggregators. But, there are still a significant number of schools and school districts that can benefit from MEGA participation. MEGA and NYSASBO jointly agree to aggressively market to these prospects.

We are in the process of conducting similar sponsorship talks with NYCOM that will include MEGA's involvement with Community Choice Aggregation.

Community Choice Aggregation

July's meeting will include significant discussion and presentation related to Community Choice Aggregation and the PSC's REV initiative. We believe it is incumbent upon MEGA to seek participation in this program. Back in the late 1990's when MEGA's predecessor sought the PSC's approval for a two county aggregation pilot program, the inclusion of residential participants was dictated. Only later when the ESCO's found that monitoring and serving small accounts was not effective did MEGA turn away from residential. MEGA's reputation, our consultants' expertise and chiefly our mission, "to achieve the most competitive prices for electricity and natural gas for its members in order to minimize the cost of energy" clearly dictates our interest in entering the CCA vision in New York State.

A CCA survey and fact sheet was prepared and conveyed to a large population of MEGA participants. It is possible that some results might be available at the July Board meeting.

Procurements

We are seeking authorization to extend the agreement with Direct Energy in the Central Hudson utility area until 2018. This will bring this contract's expiration date in line with the other ESCO agreements recently enacted.

We are seeking authorization to procure proposals for a ***Demand Response Program***. Demand response programs pay participating customers who are able to temporarily reduce electric usage when requested by the utility.

We are seeking authorization to file a petition to the Public Service Commission for a pilot Community Choice Aggregation program. Although one currently exists in Westchester

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County we believe a pilot sponsored by MEGA and EnergyNext/Satori will provide an important foundation in our plan to enter the CAA program.

We are seeking authorization to appropriate funds (\$1000) to the Stuart W. Stein Memorial Fund.

Customer Relations Manager's Report - Included in Agenda Packet

Worked with Doug to prepare materials for the Annual Meeting Planning Session. I think we all came away from that somewhat in awe of the new opportunities and challenges MEGA faces. Because I was recuperating from spinal surgery plus 2 broken ribs in May, I had plenty of time to think about the implications. As we agreed at the April meeting, additional resources and skills are going to be required if we are to fulfill our responsibilities to existing customers and move forward at full speed on Community Aggregation.

Over the next month, I will be reviewing our by-laws for potential changes in membership to reflect our new relationships with the Conference of Mayors and the School Business Officials organization. I will also be reviewing and suggesting modifications to current job descriptions. This is not the most exciting work but it's very necessary when MEGA is taking a big step up and forward in activities.

Business Relations Manager's Report- Included in Agenda Packet

Managed the MEGA booth at the New York Conference of Mayors (NYCOM) conference at the Gideon Putnam in Saratoga Springs. They had a very good turn out and interest in our booth was reasonable. One very good contact resulted in a planned meeting with the City of Cortland, which was arranged for later in the month.

Met with Mack Cook, City Administrator for the City of Cortland. Also in attendance were Gordon Boyd, Jennifer J. of Solar City and Bruce Adams who oversees the city's waste treatment facility. The meeting had two purposes. First, Mr. Cook wanted Mr. Adams to hear the MEGA story and understand what we provide to our customers. Mr. Adams had questioned Mr. Cook about why he was so positive about MEGA. I believe we accomplished our goal for this part of the meeting. The second part of the meeting was to introduce the City to our solar program and discuss possible sites. Jennifer did a good job of explaining the program, but it became very difficult to identify a site that was not in a flood plain. One possible site was finally found and Solar City will work with Cortland on this.

On June 8 and 9 I attended the NYS Association of School Business Officials at their conference in Saratoga Springs at the Hilton. MEGA was highlighted in their literature and media information recognizing our new relationship with this organization which resulted in a number of participants reaching out to us at the booth to discuss what MEGA has to offer. Inroads to obtaining more school business may be slow, due to their relationships with BOCES, but I do feel that over time, this will lead to a number of school districts joining the MEGA team.

Ron and I also met with Treasurer Steve Hoover to continue our discussion of the financial status of MEGA. The staff has made a commitment to address Steve's concerns about our reserve balance and has had extensive discussion to be sure that we consider Steve's position and find the best and most productive way to move forward.

Treasurer's Report

Quarterly Royalty Report

Mr. Salerni reported that the April and May royalties are in, but June has not yet been received. He stated that royalties are expected to increase due to customer growth.

Consultant's Report

The consultant's report was distributed with the agenda packet.

1. Procurements. Completed procurements of:
 - a. Electricity in NG, NYSEG, RG&E with Constellation
 - b. Natural Gas in NG, NYSEG, RG&E, National Fuel Gas, Con Edison with Direct Energy Business (DEB)
 - c. Delivered CNG statewide with DEB. Ribbon cutting June 30.
2. Management.
 - a. Work on IT upgrades at EnergyNext. New computers. Database upgrade to come.
3. Partnerships
 - a. NYSASBO. Worked with Ron to develop proposal, negotiate MOU
 - b. NYCOM. Working on proposal that will lead to MOU.
4. Remote net metering.
 - a. Grandfathering date pushed back to June 1
 - b. Facilitated more than 25 projects into MEGA/NYSAC pipeline. (separate report)
 - c. Utility application congestion will delay some approvals.
5. Marketing.
 - a. Drafted material for MEGA email blast announcing new/renewed programs.
 - b. Exhibit/conference participation: NYSAC, NYSASBO, NYCOM, LeadingAgeNY
6. New Product/project Development
 - a. Community Choice Aggregation. Tracking PSC proceeding. Develop factsheet and survey.
 - b. Demand-response procurement. Resolution before Board. Draft bid ready for county review and issuance.

NYSAC Report

Ms. Vescio's report was distributed.

1. **New Phone Number:**

MEGA now has its own dedicated phone number: 518-306-1996 The number is free and is set up through Google Voice. Google voice allows users to designate where calls to this number are routed. This number also has a dedicated MEGA voicemail message. A great feature of Google Voice is that all voice messages are transcribed into an email. An audio clip of the message is also attached to the email. This is easily forwarded to

the appropriate staff person for follow up. Another advantage to MEGA having a dedicated number is that callers are no longer confused by a NYSAC greeting. Google voice is free and I think has been a tremendous success, so far.

2. Renewables Update:

I have bi-weekly calls with Kelly Jones at Solar City to stay up to date on pending and progressing solar projects. Kelly informed me she is taking a different position within Solar City and won't be my contact person for much longer. She will notify us once her replacement has been selected.

I have been in discussions with Omay about some recent developments at the PSC that could impact our renewables program. I'm sure Gordon will provide a more thorough update on this issue. Please know that Steve and I are aware of the issue and are working to stay abreast of the latest developments to see where we can be helpful.

3. Legislative Session Wrap:

State legislative session wrapped up a week past the scheduled end date of June 17th. Lawmakers finished their business on Thursday June 25th. A handful of issues, including rent control extension for NYC, could not be resolved easily and required the last day of session to be extended.

718 bills passed both houses of the legislature between January 1 and June 26 2015. Here are a handful of energy-focused bills that passed both houses that may be of interest:

- S.3542-A (Griffo) / A.6893-A (Paulin) - Relates to the public availability of certain competitive requests for proposals and requests for proposals.
- S.4279 (Ortt) / A.5508 (Jaffee,) - Provides an exemption for the sale and installation of residential and commercial geothermal heat pump systems equipment.
- S.4526-A (Griffo) / A.6205-A (Otis) -- Relates to energy services company telemarketing standards.
- S.4753-A (Griffo) / A.7236 (Simotas) -- Exempts commercial fuel cell systems and electricity provided by such sources from sales tax.
- S.5205-B (Griffo) / A.6912-C (Fahy) -- Relates to municipal acquisition of street lights from electric utilities.

4. My Schedule:

On January 1, 2015 I started working a 3-days/ week schedule. I am in the office Mondays, Tuesdays and Wednesdays. On Thursday and Fridays I am home with my daughter. I do check email on those days in case anyone needs to reach me.

Old Business

None

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New Business

None

Announcements

The next Board meeting will be held on October 2, 2015 in Corning NY.

Adjournment

It was Moved by Ms. Hancock, seconded by Ms. Brown and unanimously adopted by voice vote to adjourn the meeting at 11:07 a.m.