



Minutes of the Board of Directors of the Municipal Electric and Gas Alliance – September 24, 2014

Present: Michael Stamm, Mary Pat Hancock, Jack Wheeler, Steve Hoover, Mark Sachetti, Bob Edwards, Crystal Abers

Excused: Mark Taylor, Heather Brown

Guests: Gordon Boyd, EnergyNext; Katy Vescio, NYSAC

Staff: Ron Feldstein, Executive Director; Barbara Blanchard, Customer Relations Manager; Jennifer Luu, Office Manager

Call to Order and Approval of Agenda

President Stamm called the meeting to order at 9:30 a.m.

Approval of Minutes

It was Moved by Mr. Hoover, seconded by Mr. Edwards and unanimously adopted by voice vote to approve the minutes of April 25, 2014 as written.

Administration

Executive Committee Confirmation

Resolution - Authorization to Award Bids and Approval of Contracts – Natural Gas - Orange & Rockland Utilities

It was Moved by Ms. Hancock, seconded by Ms. Abers and unanimously adopted by voice vote to approve the action taken at a special meeting of the Executive Committee on May 8, 2014.

WHEREAS, on April 3, 2014, the Rockland County Department of Purchasing, on behalf of the Municipal Electric and Gas Alliance accepted bids submitted in response to Request For Bids RFB-RC-2014-015 to supply electricity in Orange & Rockland Utilities, in accordance with provisions of New York State Law, and

WHEREAS, All political subdivisions and districts within the State of New York were authorized by Rockland County to participate in the contracts awarded as a result of this procurement, and

WHEREAS, Responses to the Request for Bids were received and opened at the offices of the Rockland County Department of Purchasing on April 3, 2014, and subsequently evaluated by both County and MEGA staff and consultants for determination of low responsive bidder for the County and MEGA participants in the designated utility service area, with the results as follows:

For electricity supply Integrys Energy Services of New York, Inc., of Buffalo, New York; and

WHEREAS, a Program Agreement has been negotiated and prepared to be executed by MEGA and Integrys Energy Services of New York, Inc., such Agreement embodying the terms and conditions envisioned in the Request for Bids, now therefore be it

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RESOLVED, the MEGA Board of Directors accepts such proposal and authorizes and directs MEGA's President and CEO to execute the Program Agreement with Integrys Energy Services of New York, Inc.

Resolution - Authorization to Award Bids and Approval of Contracts – Electricity - Orange & Rockland Utilities

It was Moved by Ms. Hancock, seconded by Ms. Abers and unanimously adopted by voice vote to approve the action taken at a special meeting of the Executive Committee on June 19, 2014.

WHEREAS, on April 3, 2014, the Rockland County Department of Purchasing, on behalf of the Municipal Electric and Gas Alliance approved issuance of Request For Bids RFB-RC-2014-015 to supply natural gas in Orange & Rockland Utilities, in accordance with provisions of New York State Law, and

WHEREAS, All political subdivisions and districts within the State of New York were authorized by Rockland County to participate in the contracts awarded as a result of this procurement, and

WHEREAS, Responses to the Request for Bids were received and opened at the offices of the Rockland County Department of Purchasing on April 3, 2014, and subsequently evaluated by both County and MEGA staff and consultants for determination of low responsive bidder for the County and MEGA participants in the designated utility service area, with the results as follows:

For natural gas supply M&R Energy Resources Corp., of Mountainville, New York; and

WHEREAS, a Program Agreement has been negotiated and prepared to be executed by MEGA and M&R Energy Resources Corp., such Agreement embodying the terms and conditions envisioned in the Request for Bids, now therefore be it

RESOLVED, the MEGA Board of Directors accepts such proposal and authorizes and directs MEGA's President to execute the Program Agreement with M&R Energy Resources Corp.

The Board discussed events following the Executive Committee acting to award the contracts. It was reported that the process took over a year and the bids were designed to County specifications. Natural gas was awarded almost immediately, but electricity took longer. Rockland was not party to the agreements, but did approve pigging backing for the County. They have since retained an electric consultant to do an independent bid on their behalf. MEGA responded at the bid opening with updated pricing, but the County deemed that we did not conform to the standards of the bid and awarded their electric contract to Liberty Power. This was unfortunate.

Resolution – Authorizing Genesee County on Behalf of the Municipal Electric and Gas Alliance (MEGA) to Bid for Natural Gas, Electricity, and Renewable Energy Credits and Authorizing the Inclusion of All Political Subdivisions and Districts Within the State to Participate

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

WHEREAS, the energy procurement program of the Municipal Electric and Gas Alliance (MEGA) has been in effect since 1998 resulting in savings of over \$12.0 million to participating counties, cities, towns, villages, businesses and not-for-profit organizations in New York State, and

WHEREAS, the MEGA program has been endorsed by the NYS Association of Counties as the preferred energy procurement program for NYSAC members and affiliates, and

WHEREAS, the hallmark of the MEGA program is its public bid process that results in contracts for natural gas, electricity, and renewable energy credits, and

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WHEREAS, Section 408-a of the County law and Section 103 of the General Municipal Law authorizes the County to include in any purchase contract awarded to the lowest responsible bidder, authorization permitting all political subdivisions and districts in the State to participate, and

WHEREAS, the County desires the continued participation of other political subdivisions and districts in the contracts, and

WHEREAS, rules regarding the terms by which other political subdivisions and districts participate have been established and will be reflected in contracts with the lowest responsible bidders, now therefore be it

RESOLVED, That Genesee County on behalf of the Municipal Electric and Gas Alliance is hereby authorized to release bids for natural gas, electric and renewable energy credits in the National Grid, New York State Electric and Gas, and Rochester Gas and Electric utility territories,

RESOLVED, further, that all political subdivisions and districts within the State are authorized to participate in the contracts awarded as a result of the bids,

RESOLVED, further, that the Chair of the Genesee County Legislature, upon recommendation of the MEGA Board of Directors and approval of Genesee County Legislature is authorized to award the contract to one or more proposers and to enter into contracts with selected proposers.

SEQR ACTION: TYPE II-20

Resolution – In Memory of Stuart Stein

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

WHEREAS, on June 24, 2014, Stuart (Stu) Stein departed his life of tireless service and entered into eternal rest, leaving his family, friends, and an entire community in solemn mourning, and

WHEREAS, Stuart came to Ithaca as a professor of planning at Cornell University in 1962, and then served in elected and appointed positions in the City of Ithaca and Tompkins County more than thirty consecutive years, and as Chairman of the Tompkins County Legislature (1994-96), he was one of the founding members of the Municipal Electric and Gas Alliance, working with legislative colleagues in Tioga County to form the Tompkins-Tioga Electric & Gas Alliance, incorporated as the Municipal Electric and Gas Alliance, Inc., in 2001 and:

WHEREAS, after retiring from the legislature in 2001, Stu served as MEGA's Executive Director until 2006. Then, as Director of Research and Planning, he directed his attention to focusing on MEGA's future during which period he gave unsparingly of his time and talents in promoting the best interests of the MEGA community and:

WHEREAS, in the passing of Stuart Stein the Municipal Electric and Gas Alliance has sustained an irreparable loss, the City of Ithaca and the County of Tompkins an outstanding citizen; and one of its distinguished statesmen, now therefore be it

RESOLVED, that the members of the Board of the Municipal Electric and Gas Alliance in regular meeting assembled, on this 23rd day of September, 2014, express their profound sorrow for the loss they have suffered in the passing of Stuart Stein, and extend to the members of his family and friends their heartfelt sympathy in their bereavement.

Resolution – Creation of Position – Business Relations Manager

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

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WHEREAS, additional staffing is needed to assist with supportive activities and special projects that are supplementary to the mission of the Municipal Electric and Gas Alliance, Inc., and

WHEREAS, the position requires a level of knowledge of the organization and the approval requirements of local governments as they relate to the procurement process, and

WHEREAS, Douglas Barton has expressed an interest in the position of Business Relations Manager and has the qualifications sought by the Board of Directors as outlined in the attached position description, now therefore be it

RESOLVED, That Douglas Barton is hereby appointed to the position of Business Relations Manager is hereby created effective October 1, 2014 at an annual salary of \$20,000, prorated for 2014.

At-Large Board Additions

The Board discussed the addition of at-large members to the Board in light of the increasing participation of villages and towns. It was decided to continue discussions at future meetings. It was noted that any action will require an amendment to the by-laws.

President/CEO 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 the NYSAC conference this week was very successful and MEGA was included next to other vendors who provide energy related services. She also reported she recently attended an event for Ron Dougherty in Tioga County. Ron was a long-time legislature in Tioga and was instrumental in the formation of the Tompkins Tioga Electric and Gas Alliance. In honor of his public service, the Tioga County Legislature renamed their county office building the "Ronald E. Dougherty County Office Building."

Ms. Blanchard also reported that she will work with Ms. Luu to obtain a mailing list of town supervisors to get the word out about the new website and our services.

NYSAC Report

Ms. Vescio stated she is very proud of the NYSAC/MEGA partnership. The website looks terrific. She stated she expects positive results for the solar program; a high number of proposals have been submitted to NYSERDA for funding. The partnership continues to work with a number of new prospects and the program overall is going very well.

Treasurer's Report

The Board reviewed the budget; expenses and revenue are on track for the quarter.

Mr. Hoover presented a proposal to invest the funds held in the Scottrade account into a Vanguard Short-term Bond Fund. He cautioned that like any fund, there is a risk to investments, but the fund has had a steady rate of return of 3%.

It was Moved by Ms. Hancock, seconded by Mr. Edwards, and unanimously adopted by voice vote of members present to authorize Mr. Feldstein to move the funds in the Scottrade account into the Vanguard Short-term Bond Fund.

Consultant's Report

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Mr. Boyd reported the renewable program has been very active over the last three months. Twenty proposals were submitted to NYSERDA and 19 have received funding. He expects the program to give high returns in the coming year. He noted he provided comments to the Public Service Commission on the REV proceedings and he also attended the Independent System Operator meeting in June. He stated programs continue to grow with new menu items being offered to participants.

Old Business

None

New Business

None

Adjournment

It was Moved by Mr. Wheeler, seconded by Mr. Hoover and unanimously adopted by voice vote of members present to adjourn the meeting at 11:30 a.m.

**MEGA Board of Directors
President's Report
September 2014**

Stuart Stein

The passing of Stu Stein in June was a stunned all. We will consider a resolution and a future commemorative gift. We expect to learn of plans for a memorial program celebrating Stu's life in the near future.

Recruitment and Retention

MEGA continues to flourish due to its ability to recruit new participants as well as retaining existing members. Staff and consultants and contractors commit a large part of their time to this effort. Successful recruitment and retention is primarily and not only a function of MEGA's commitment to economically sound energy commodity offerings. But in a market that is far more competitive than our founders experienced, it is truly MEGA's and Energy Next's strong and positive reputation that propels business and confidence in our direction.

Staff continues to attend many conferences including NYSAC, NYS School Business Officials, Association of Towns and Conference of Mayors, NYS School Facilities Association and others. Additionally, attendance at various regional county and town and village associations occurs with some frequency. This investment in time and money provides vibrant opportunities to network with prospective, current and former MEGA participants.

MEGA continues to grow in participants and participant accounts. Over the last six months we added twenty seven new electric participants and lost five. We added ten new natural gas participants and lost four. Our income for the past six months is up approximately 17% which has set growth records for two consecutive quarters. These increases are primarily a result of increase participation in MEGA rather than increases attributed to other factors like heating or cooling.

Associations and Affiliations

MEGA continues to affiliate with the NY Conference of Mayors and the NYS Association of Towns. The \$5,000 fee to each organization provides many opportunities. An off-shoot of these affiliations appears to have interested some of these organizations in pursuing their own aggregation agreements with members and aggregators. MEGA's size and potency in the market will prevail. Additionally, our partnership with NYSAC adds significant worth to MEGA participation. However we must balance vigilance and high-quality marketing to maintain our desirable position in the marketplace

Procurements

The recently completed renewable energy procurements in partnership with Tompkins County have set the stage for significant statewide investment in solar, micro hydroelectric for municipalities and other MEGA participants. We, along with our partners, Solar City and Gravity Renewables have been extremely busy marketing and enrolling entities in energy renewable programs. To date over two dozen municipalities have signed with our renewable partners.

We have successfully inked an agreement with Rockland County and ESCO's that again enables municipalities located in the Orange-Rockland Utility area to participate in MEGA aggregation programs. Integrys is the electric supplier and M&R Energy Resources for natural gas. Rockland County authorized its own procurement and chose not to participate in MEGA's O&R programs. Several municipalities and school districts in the region have or are the process of MEGA affiliation.

We believe it is important to begin procurement procedures in the National Grid, NYSEG, RG&E regions now. Appropriate resolutions will be introduced at this meeting.

Technology

The new MEGA website was launched last month. We are excited and extremely pleased not only with the end result but also the several month process undertaken in its creation.

Our contractor Miles Ahead Communication did a superb job in portraying our wishes, eliminating our concerns and effecting training. Miles Ahead Communication is serving not only as our technology consultants but also supplying our graphics and communications needs. In addition to being a local company, they were by far the low bidder in our procurement! Kudos to Barbara Blanchard who led MEGA's team and both Board member Mark Taylor and Office Manager Jennifer Luu who provided assistance and expertise in the development of the website and the social media sites.

Staffing

Stu's death has certainly impacted the staff's workload. In addition to his meticulous researching and reporting, Stu's business acumen is sorely missed. Prior to his illness he would frequently cover meetings and conferences independently or accompanied by MEGA and/or EnergyNext staff. I am recommending the appointment of a professional with the title Director of Business Relations. I will present a comprehensive job description at the meeting. I recommend that this position, like each MEGA staff member, be part-time. It should be started with Stu's annual salary of \$20,000. I am recommending Doug Barton, Past Chairman of the MEGA Board be appointed effective October 1, 2014.

Meeting with PSC Chair

MEGA, NYSAC and EnergyNext leadership recently met with Audrey Zibelman, Chair of the NYS Public Service Commission and her staff. The very productive discussion included MEGA's history, its goals and mission and the current state of energy procurement and needs among municipalities and other MEGA participants throughout New York State. The Chair recognizes MEGA's clear rapport with Reforming the Energy Vision (REV) and promised to keep in communication with MEGA as the dialogue continues.

MEGA Board of Directors Customer Relations Manager's Report September 2014

Developed specifications for the new website and prepared an RFQ that was sent to five web design firms for quotes. We had a small team working on this that included staff and Board Member Mark Taylor. Mark's experience with web design proved invaluable as we moved through the process of evaluating responders to the RFQ and in working with organization of content once a web developer had been selected.

Miles Ahead Communication in Saratoga Springs was selected to take on the website project for \$3,750 and provide assistance under a time and materials arrangement with other aspects of our marketing program. (It was interesting to note the wide variation in prices for the website work between the five candidates. Estimates ranged from less than \$5,000 to \$29,000! Miles Ahead was the lowest but also offered the benefit of previously working with MEGA on our exhibit and understanding our marketing approach.)

Prepared for upcoming Trade shows beginning with NYS Conference of Mayors 4-6 May in Saratoga Springs followed by State Association of Municipal Purchasing Officials in Lake George 6-7 May. SAMPO is always a good event for us in that we not only come into contact with potential new customers we also see many of our existing customers in a setting that is focused on purchasing. SAMPO also recognizes that time is money for exhibitors and showcases vendors in a very meaningful way during a one day time period.

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May events concluded with the International City Managers Meeting in Cooperstown. This group is small but the meeting attracts county and city administrators/managers and seems worth participating in for name recognition. They also seem to be genuinely interested in talking with exhibitors. We rounded out the Spring/Summer exhibit season with the NYS School Business Officials meeting in Saratoga Springs.

The remainder of May and early June was devoted to developing draft content for the website and new brochure. Our team was busy reviewing materials and suggesting improvements. Again thanks to Mark and Jennifer for their efforts and to our dear friend Stu Stein – the editor supreme – who could always spot the missing word even in the last days of his illness.

Moving on to new targets, we launched outreach efforts to Montgomery, Allegany and Lewis Counties. Lewis' new county manager was quick to respond, entering into contracts for electricity with Integrys. Montgomery County has not been responsive but we've had two meetings in Allegany County and I feel certain the legislature will act in October on both electric and natural gas contracts. Integrys and Direct Energy sent representatives to these meetings which is a real help in answering detailed questions.

Launch of the new website in August went smoothly and we will soon be sending an invitation to visit the site to Town Supervisors in the areas we serve. Membership in the Association of Towns provides us with the contact information we need to do a broad announcement of this sort. We have been slowly recruiting towns, villages and school districts and it's my belief that our future growth should be focused – at least for the next year or two – on towns in MEGA counties with Boards of Supervisors. Our initial experience indicates that we can more likely count on help from NYSAC for contact through this avenue than working directly with the Association of Towns. It's not clear yet what our new relationship with the Conference of Mayors might bring. We'll be evaluating that and the AofT over the next year.

I continue to devote some routine new customer contact via Direct/Hess proposals working with Todd Loucks. It's not clear how much help this is but it doesn't take much time and may be just what's needed to bring a new customer on board. There is also day-to-day contact with potential new clients referred by NYSAC and with assistance to existing customers. Katy Vescio has gotten very adept at answering requests for information and forwarding contacts to the right place – either me, Ron or EnergyNext.

I have not been involved directly with the Remote Net Metering Solar and Hydro projects but attended a presentation by Gordon and Solar City in Washington County so that I could understand how this concept works. It's complicated but very exciting in the possibilities it brings and should garner some positive support for MEGA as the sponsor of this effort.