



## **Minutes of the Board of Directors of the Municipal Electric and Gas Alliance - July 13, 2012**

**Present:** Doug Barton, Rick Blythe, Mary Pat Hancock, Steve Hoover, Jack Wheeler, Michael Stamm

**Voting via Proxy:** Mark Taylor, Heather Brown

**Excused:** David Allen

**Guests:** Gordon Boyd, Gene Salerni, Elliott Easton, Energy Next; Mark LaVigne, NYSAC

**Staff:** Ron Feldstein, Executive Director; Barbara Blanchard, Customer Relations Manager; Stu Stein, Director of Special Projects; Jennifer Luu, Office Manager

### **Call to Order and Approval of Agenda**

President Barton called the meeting to order at 9:01 a.m.

### **Approval of Minutes**

It was Moved by Mr. Stamm, seconded by Ms. Hancock and unanimously adopted by voice vote of members present to approve the minutes of April 13, 2012.

### **Committee Assignments and Reports**

#### **Appointment of Investment Officer**

The Board reviewed the investment policy created by Mr. Hoover. It was discussed that should financial conditions warrant immediate action, the Executive Committee has authority to act on behalf of the Board. There was also discussion about the need for bonding, but Mr. Hoover stated he is not interested in that level of authority and investments will only occur with guidance from the Board. He noted he is concerned about a high level of risk and since the funds are needed to cover operational costs, he prefers not to take a lot of risk with investments, but rather maintain the current level of funding. Mr. Stamm agreed stating he would be very conservative because if funds are lost, they will be very difficult to recover.

#### **Res. 12-4 Appointment of Investment Officer**

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

Resolved, that Steven Hoover is hereby designated the Investment Officer for the Municipal Electric and Gas Alliance, Inc., effective July 13, 2012 and is hereby authorized to temporarily invest Alliance funds not required for immediate expenditure pursuant to the Alliance Investment Policy dated July 13, 2012.

### **Audit Committee Report**

The Audit Committee met with the accountant via conference call to review the year-end audit. This was the first audit conducted and was required in order to meet the Public Authorities Accountability Act requirements. In the past, a review has occurred, but an audit requires a higher level of scrutiny. The Board reviewed the audit and additional documentation. Mr. Hoover stated the audit went as expected and there were no surprises.

#### **Res. 12-5 Adoption of Year-End Audit**

It was Moved by Ms. Hancock, seconded by Mr. Blythe and unanimously adopted by voice vote of members present to adopt the year-end audit. It was Moved by Mr. Stamm, seconded by Mr. Blythe and unanimously adopted by voice vote to approve the additional reports provided by the accounting firm.

Resolved, on recommendation of the Audit Committee, that the Audit Report prepared by Sciarabba Walker & Co. LLP., for the year ending March 31, 2012 is hereby adopted.

The Board discussed internal controls for payments and receipts. Currently, Ms. Luu is responsible for all deposits and payments and she and Mr. Stamm will work together to create a plan for additional oversight, as they are co-located in the same office. The audit also raised the question of how the Corporation reviews revenues that are received through EnergyNext and the Audit Committee will discuss this in the coming months.

In addition to the appointment of the investment officer, investment and capitalization policies are also needed. Mr. Hoover drafted those policies for the Board's Review. He reviewed the policies with the Board and the suggestion was made to make both effective April 1, 2012.

#### **Res. 12-6 Adoption of Investment Policy**

It was Moved by Mr. Stamm seconded by Ms. Hancock and unanimously adopted by voice vote of members present to adopt the Investment Policy as submitted by Mr. Hoover effective April 1, 2012 with the an additional clause added granting authority for the Executive Committee to act on behalf of the Board should there be circumstances warranting action.

#### **Res. 12-7 Adoption of Capitalization Policy**

It was Moved by Ms. Hancock seconded by Mr. Blythe and unanimously adopted by voice vote of members present to adopt the Capitalization Policy effective April 1, 2012.

### **Governance Committee Report**

Mr. Blythe reported the Governance Committee was unable to meet prior to today's meeting, but he is recommending approval of the Procurement Policy that was provided in the Board packet. It contains the guidelines for purchasing that would be adhered to under General Municipal Law.

## **Res. 12-8 Adoption of Procurement Policy**

It was Moved by Mr. Blythe, seconded by Mr. Stamm and unanimously adopted by voice vote of members present to adopt the Procurement Policy effective July 13, 2012.

## **Administration**

### **Executive Director's Report**

Mr. Feldstein's report was distributed with the Board Packet. He has spent his time learning the role of Executive Director as well as working with the auditors and learning the PAAA guidelines.

### **Customer Relations Manager's Report**

Ms. Blanchard's report was distributed with the Board packet. She is working on the strategic plan follow-up and is also working with Cayuga County; they are in the process of looking at electricity. Mr. Feldstein stated personal contacts would be key to maintaining current customer relationships.

### **Special Projects Report**

Mr. Stein's report was distributed with the Board packet. He stated in the coming months he would like to start focusing on BOCES and school districts. This will open up new opportunities and he would like the Board to consider a pilot project to see how this would work.

Mr. Lavigne stated NYSAC has relationships with the New York School Boards Association and he will speak with Mr. Acquario about NYSAC brokering a meeting.

## **Treasurer's Report**

Mr. Hoover provided a review of the first quarter royalties and reviewed the budget with the Board. He noted that use of the fund balance at the current rate would deplete available funds in approximately 8 years if revenues do not increase.

Mr. Boyd indicated revenue estimates are always budgeted conservatively.

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

## **Consultant's Report**

### **Demonstration of Sugar CRM Data Management System**

Mr. Salerni and Mr. Easton provided an overview of the Sugar CRM Data Management System that is being implemented. Training of staff will be conducted in the coming weeks. This is will be an invaluable tool for use by staff and the Board in tracking accounts and activities.

### **Report on the Upcoming Bid Covering Hudson Valley and Metro NY**

Mr. Boyd reviewed the bid schedule for electricity, natural gas, and renewable energy credits in Central Hudson, Orange & Rockland and Con Edison delivery territories in September 2012. The following resolutions will authorize Orange County to approve MEGA bidding and awarding bids in those territories.

#### **Res. 12-9 Authorizing the Municipal Electric and Gas Alliance (MEGA) to Bid for Natural Gas, Electricity, Renewable Energy Credits and Carbon Offsets on Behalf of Orange County and Authorizing the Inclusion of All Political Subdivisions and Districts Within the State to Participate**

It was Moved by Mr. Blythe, seconded by Mr. Hoover and unanimously adopted by voice vote.

Whereas, the energy procurement program of the Municipal Electric and Gas Alliance (MEGA) has been in effect since 1998, resulting in savings of more than \$13 million to participating counties, cities, towns, villages, special districts, businesses and not-for-profit organizations in New York State, and

Whereas, the MEGA program has been endorsed by the New York State 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, renewable energy credits and carbon offsets, and

Whereas, current contracts for these commodities will terminate in Fall 2013 and it is prudent to issue a bid at least a year in advance of such term, and

Whereas, Section 408-a of the County Law and Section 103 of the General Municipal Law authorize 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 political subdivisions and districts in such contracts, as well as new participants not presently served, 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 the Orange County Executive hereby authorizes MEGA to release bids for natural gas and electric supplies, renewable energy credits and carbon offsets on behalf of Orange County, and be it further

Resolved, 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 County Executive, upon recommendation of the MEGA Board of Directors, is authorized to award the contract(s) to one or more proposers, and to enter into contracts with selected proposers.

**SEQR ACTION: TYPE II-20**

**Res. 12-10 Authorization to Award – MEGA Energy BIDS – Approval of**

It was Moved by Mr. Blythe, seconded by Mr. Hoover and unanimously adopted by voice vote.

Whereas, on (date of authorization resolution) \_\_\_\_\_, the Orange County Executive approved Resolution No. \_\_\_\_\_, authorizing the Municipal Electric and Gas Alliance to release bids for electric and natural gas supply, renewable energy credits and carbon offsets on behalf of Orange County, 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 (date of bid opening TBA) \_\_\_\_\_, and subsequently evaluated by MEGA staff and consultants for determination of lowest responsible bidders in the designated utility service areas, with the results as follows:

For electric supply in Central Hudson, Orange & Rockland and Con Edison utility territories, \_\_\_\_\_ submitted the low bid;

For renewable energy credits in Central Hudson, Orange & Rockland and Con Edison utility territories, \_\_\_\_\_ submitted the low bid;

For natural gas supply in Central Hudson, Orange & Rockland, Con Edison and National Grid utility territories, \_\_\_\_\_ submitted the low bid;

For carbon offsets in Central Hudson, Orange & Rockland, Con Edison, National Grid, NYSEG, St. Lawrence Gas, Rochester Gas & Electric, and National Fuel Gas utility territories, \_\_\_\_\_ submitted the low bid.

And

Whereas, the MEGA Board of Directors, through action of its executive committee, accepted such bids and has requested that Orange County approve the award of the bids as noted above and authorize the County Executive to enter into contracts with the low bidders, and

Whereas, Bids were presented to and reviewed by the (appropriate committee of the Legislature) \_\_\_\_\_ Committee and the Committee does recommend approval at this time. Now therefore, Be it

Resolved, That the County Executive is hereby authorized and directed to execute contracts as appropriate to implement the above described program.

**SEQR ACTION: TYPE II-20**

**Other**

Mr. Boyd reported that Rockland County joined the program 18-24 months ago and saved a considerable amount of money. Their Legislature requested their purchasing office conduct their own bid for 12, 24, and 36 month pricing. MEGA was not the lowest bidder and they have since moved to Hess for their electricity, but remain with MEGA for natural gas.

## **NYSAC Report**

Mr. LaVigne attended the meeting on Ms. Vescio's behalf. He distributed the updated map that now includes 31 counties. A meeting was held with the western NY intercounty group and NYSAC promoted that session. Ms. Hancock noted some counties have existing agreements with suppliers and will never join the program, and it's important to focus on those that might.

NYSAC will be brokering a meeting with the NYS School Board Association and a report will be made at a future meeting on its outcome. Planning for the Energy Track at the September NYSAC conference is well underway. The Program was very well received last year and more participation this September.

Mr. LaVigne reported Mr. Acquario met with OGS and they will be piloting a energy program in five municipalities in Oneida County; however, when Mr. Acquario met with Oneida County, they were not aware this would be occurring.

## **Old Business**

None

## **New Business**

None

## **Announcements**

The next Board meeting will be held during the NYSAC Conference September 14, 2012 at the Holiday Inn in Liverpool.

## **Adjournment**

It was Moved by Mr. Blythe and unanimously seconded to adjourn the meeting at 11:20 a.m.