



Minutes of the Board of Directors of the Municipal Electric and Gas Alliance – February 4, 2015

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

Guests: Gordon Boyd, Gene Salerni, EnergyNext; Katy Vescio, NYSAC, Linda Edwards

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

Call to Order and Approval of Agenda

President Stamm called the meeting to order at 9:29 a.m.

Approval of Minutes

It was Moved by Mr. Hancock, seconded by Mr. Wheeler and unanimously adopted by voice vote to approve the minutes of September 24, 2015 as written.

Administration

President/CEO Report

Mr. Feldstein recapped his report as distributed with the agenda packet. It is included at the end of the minutes.

RESOLUTION - MODIFICATION AND EXTENSION OF CONTRACT FOR ENERGY CONSULTING SERVICES

It was Moved by Ms Brown, seconded by Mr. Hoover and unanimously adopted by voice vote. Mr. Boyd stated that the current contract will expire prior to the new menu items that have been added to the program being fulfilled. The contract extension will allow for those items to be fulfilled, and at the same time secure EnergyNext's position during that time.

WHEREAS, MEGA and EnergyNext, Inc. have entered into a Contract for Energy Consulting Services dated April 1, 2011, and

WHEREAS, MEGA is satisfied with the performance of EnergyNext, Inc. in carrying out its obligations pursuant to such Contract, and

WHEREAS, EnergyNext, Inc. is presently beginning the development of new and innovative programs to allow MEGA to better serve its participants, and

WHEREAS, certain terms of the Contract require modification to align them with a long term businesslike and orderly corporate relationship, and

WHEREAS, MEGA desires to provide for the continuation and growth of these consulting services for a commercially reasonable time period, as well as providing both MEGA and EnergyNext, Inc. with an equitable basis for strategically planning the future of both organizations, now therefore be it

RESOLVED, that Article V. A. "Term" be changed from March 31, 2017 to December 31, 2019 and be it further

RESOLVED, that Article V. Section C.3 is hereby deleted, and be it further

RESOLVED, that Article V. Contracts with Others that was incorrectly numbered previously is hereby changed to the correct number VI.,

RESOLVED, that all other provisions of the Contract between MEGA and EnergyNext, Inc. remain in effect.

RESOLUTION - AUTHORIZING GENESEE COUNTY ON BEHALF OF THE MUNICIPAL ELECTRIC AND GAS ALLIANCE (MEGA) TO BID FOR DELIVERED COMPRESSED NATURAL GAS, AND AUTHORIZING THE INCLUSION OF ALL POLITICAL SUBDIVISIONS AND DISTRICTS WITHIN THE STATE TO PARTICIPATE

It was Moved by Mr. Hoover, seconded by Mr. Sachetti and unanimously adopted by voice vote. There are customers that who do not have access to natural gas and there are companies that have the ability to transport natural gas to them. Mr. Taylor asked who bears the costs of the infrastructure. Mr. Feldstein reported that is negotiated between the customer and the utility, MEGA deals solely with the commodity. Mr. Boyd reported this can also be used to supplement natural gas customers who need to increase their supply.

Mr. Edwards arrived at 9:43 a.m.

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

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 delivered compressed natural gas to serve MEGA participants with facilities not served by a natural gas utility, and

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

Staff Salary Proposal

Mr. Feldstein explained the role of MEGA has changed over the last two decades with an increased number of programs and customers and the organization is looked upon as an authority for energy in New York State. Time commitments for staff have grown dramatically and the salary proposal that was distributed brings position salaries into line with positions of similar duties.

Mr. Taylor asked if any new staff additions are requested. Mr. Feldstein stated not at this time. Mr. Stamm stated he has met with Mr. Feldstein to discuss comps, performance and the organization's ability to pay and the salaries are within the ranges of comparable organizations and are reasonable. Ms. Hancock stated the percentages are high and perceptions need to be considered. Mr. Wheeler stated that with the increased responsibilities, a complicated energy marketplace and the addition of new programs, the salaries are easily justified.

Mr. Hoover stated he continues to be concerned with the level of surplus funds for the organization and this needs to be scrutinized moving forward and rather than using the funds for expenses, more should be done to give back to customers. Mr. Boyd noted royalty commissions are the surplus costs of sales that MEGA is doing for suppliers. Suppliers would be using those funds in the course of doing business if they had to do outreach to each customer on their own.

The salary proposal will be brought to the annual meeting for approval as part of the 2015-2016 budget process.

Customer Relations Manager's Report

Ms. Blanchard's report was distributed with the agenda packet. It is included at the end of the minutes.

Business Relations Manager's Report

Mr. Barton's report was distributed with the agenda packet. It is included at the end of the minutes. He thanked the Board for bringing him on staff. He stated changes and opportunities are tremendous and suggested a planning session to set priorities for the Board at the annual meeting. This will provide direction to staff and where to focus their efforts. He asked members to submit any ideas to suggestions to him and he will pull together the format for the session and send out materials in advance of the meeting.

Treasurer's Report

Quarterly Financial Report and Review of 2015 Budget

Mr. Hoover provided an overview of the budget. The budget remains in very good shape. A preliminary review of the 2015 budget was also completed. It was Moved by Mr. Taylor, seconded by Mr. Sachetti and unanimously adopted by voice vote to accept the Treasurer's Report and 2015 preliminary budget as presented. Mr. Hoover noted he will be working with Ms. Luu to provide individual program reporting as they come online.

Quarterly Royalty Report

The third quarter report was reviewed.

Consultant's Report

Mr. Boyd provided an overview of the information that was distributed with the agenda materials. Copies of the materials are available upon request.

1. NYS PSC Case 14-E-0422, Net Metering Caps. The PSC's December Order in this case has thrown a serious speed bump into our Remote Net Metering program. MEGA and NYSAC along with other groups have filed a Petition for Rehearing, asking the PSC to stay its Order and accept testimony. The Order, and Erratum Notice and the Petition are included in the Digital Package.
2. NYS PSC Case 14-M-0224, Community Choice Aggregation. The PSC has initiated a proceeding to determine the efficacy of allowing "opt-out" aggregation programs conducted by municipalities for residential and non-demand accounts. MEGA, via EnergyNext, is a party to this proceeding, and will have an opportunity to help shape the final program. The Order, which prominently and affirmatively mentions MEGA, is included in the Digital Package. This is a revenue generating program for MEGA. The final order could be released mid-year.
3. NYS PSC Case 14-M-0101. REV (Reforming the Energy Vision). This comprehensive proposed remaking of the utility system touches on microgrids and other matters of interest to MEGA, and we are closely following it. The Rev Press release provides the highlights.
4. DRAFT NYPrize Entry Level criteria. NYSERDA's program offers co-funding for microgrid and other resiliency projects. This program originated after Superstorm Sandy. The NYSERDA Draft project selection criteria outline is included. MEGA has met with the NYSERDA and Smart Grid Consortium experts who are leading this project, to explore whether a role for MEGA is appropriate in this area.

NYSAC Report

Ms. Vescio reported that she and Steve Acquario traveled to Chittenfalls to visit the damn operator. The damn will be generating credits for Skidmore College. NYSAC continues to promote MEGA's traditional programs and they are watching the Public Service Commission hearings closely.

Renewable Partners Update

Solar City

Solar City has 10 projects booked and 20 NYSERDA awards have been received. There are many steps to complete to bring the solar projects online. The net commission to MEGA could be \$150,000 to \$200,000 in 2016.

Gravity Renewables

Gravity Renewables has conducted outreach to 50 MEGA members and they have received three letters of intent signed for small hydro projects.

Old Business

None

New Business

The annual meeting date of the Corporation has been established as Friday, April 24, 2015 at 11 a.m. at the Otesaga Resort Hotel in Cooperstown NY with a planning session being held on Thursday April 23, at 1 p.m.

Adjournment

It was Moved by Ms. Hancock, seconded by Mr. Taylor and adopted by voice vote to adjourn the meeting at 11:30 a.m.

MEGA Board of Directors
President's Report
February 2015

Finance and Budget

As the Treasurer will report, MEGA's financial position is healthy. Income growth is primarily attributed to the addition of several participating entities. As well, commissions attributed to the Solar City projects will begin arriving in the next fiscal year. I anticipate an excess of \$40,000.00 in the current budget. Our consultants are estimating an influx of approximately \$400,000.00 in SCTY commissions that will be divided among our partners (Energy Next and NYSAC).

After consultation with the MEGA Board and the recommendation of the MEGA Treasurer, \$148,000.00 of MEGA's reserves was invested on October 1, 2014 in Vanguard Short-Term Corporate Bond Fund. This investment has yielded over \$1000 in dividends in (calendar) Q4. Additionally, on December 1, 2014 \$150,000.00 was moved from a non-interest checking account to a Business Growth Savings account with Citizen's Bank. These funds are accessible without penalty and earn minimal interest. (We have earned \$61 in December!)

Recent audits and income tax filings dictate the need to re-examine the possibility of revising our fiscal year. We will discuss this prospect with our accountants.

Recruitment and Retention

As I noted last year at this meeting, the good health of MEGA is its ability to recruit new participants as well as retaining existing members. Staff, consultants, partners, contractors, board and corporate members and MEGA participants as a group are both strategic and collectively successful in this ongoing effort. Most participants (both existing and prospective) realize that MEGA affords them a good deal. Competition, both legitimate and illicit does occupy increasing amount of time and resources. Our participants need to stretch their energy buck for economy reasons as well as observing state mandates.

MEGA continues to attend and present sessions at various conferences including NYSAC, NYS School Business Officials NY Conference of Mayors and various regional, county and town and village associations. 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. Added to our member rolls in since the outset of Quarter 4: Village of Canton, Albany School District, Allegany County, Town of Ramapo, Village of Van Etten and Yates County.

Associations and Affiliations

MEGA is now directly affiliated with the NY Conference of Mayors and the NYS School Business Officials. The \$5,000 sponsorship fee to each organization provides many opportunities. We can now attend many organization conferences and workshops with discounted fees. We have been asked to present educational sessions that will enable us to talk about MEGA and our program and our cost savings opportunities.

As mentioned at the previous meeting we were "booted" from the NYS Association of Towns. A prorated portion of our \$5K sponsorship fee was returned. The Town's association contracted with a Dallas Texas energy aggregator in hopes of wooing as many NYS towns as possible. They have replicated MEGA's model including our participation form. *Imitation is the sincerest form of flattery.* But despite the large number of NYS towns unaffiliated with ESCO's, we believe most represent minor energy loads which would result in maximum care with minimum return. However, we have completed hard copy mailings and email blasts to towns offering programs and referrals to our new website.

We have also been asked to develop an energy procurement designed specifically for school districts. School business officers are being queried as to their current supplier relationships. Based upon the results of this survey, we will further discuss the prospect.

Procurements and Programs

MEGA's renewable energy procurements in partnership Solar City and Gravity Renewables have garnered great success.

Recently adopted rules at the NYS Public Service Commission have provided setbacks and obstacles to rules and practices initially adopted and proscribed. We along with NYSAC and our renewable contractors and others are working through the bureaucracy.

At this meeting we will initiate procurements for compressed natural gas suppliers. Genesee County's has agreed to host this RFP as well as the procurements for electric and natural gas supply.

MEGA's Stature in the Energy Milieu

MEGA's impact on the energy market can be well documented via the ongoing successes in meeting our primary goal: to achieve the most competitive prices for electricity and natural gas for its members in order to minimize the cost of energy and to promote energy conservation and development of alternative energy resources. But these achievements do not go unnoticed.

*In August we were invited to offer a presentation before PSC Chair Audrey Zibelman and her key staff. They were made aware of MEGA's place in the market as well as our concerns regarding *REV*, Reforming the Energy Vision.

*In September we were invited to participate in a statewide webinar, *Reforming the Energy Vision: Overview of Straw Proposal & Next Steps*.

*In November we conducted a meeting, *Micro Grid and Smart Grid, Municipal and County Government Participation*. MEGA was invited by NYSEDA to participate in the planning and presentation of *NY Prize*, a funding competition inviting proposals developing a community grid.

*In December we participated as a stakeholder in the petitioning to the PSC in the matter of the negative rulings related to remote net metering.

*Also in December, we have been identified by the PSC as a "premier energy aggregator" in the State and will actively participate in the planning for the Community Choice Aggregation plan that the PSC has recently advocated.

Staff and consultants will offer reports on the above during the Board meeting

Energy Next Request

EnergyNext requests an extension of its Consulting Agreement. The current term expires March 31, 2017 and EN is requesting an extension through December 31, 2019. These dates conform with the procurements we are authorizing as well as ongoing consulting services related to our renewable programs and new areas of involvement and as well as the monitoring and possible modification of existing programs and projects.

Strategic Planning

It has been several years since we have had a retreat setting to look more intensively at MEGA's future. As mentioned, MEGA now occupies a prominent and crucial role in energy policy and the marketplace. As well, the expansion of MEGA's market has led to income generated beyond present expenditure programs and predictions. These and other themes suggest the need for a planning session. I suggest following the pattern established by Stu and meeting the day before our annual meeting, April 24th at the Otesaga.

Staff Salary/Remuneration Proposal

I will discuss at meeting.

MEGA Staff Salaries

Paid MEGA staff was initiated back in the late 1990's. MEGA's income and expenditures were in the realm of 10-20% of present. Staff salaries were set based upon available funds and anticipated no more than 20 working hours per week for the Executive Director and less for other paid staff. Programmatic effort was almost entirely consumed with electric and natural gas aggregation marketing. Involvement was limited to NYSAC Conference events and periodic attendance at municipal meetings. Since 2008, MEGA has grown from 12 counties to 35 and about 100 municipal customers to 260. We look after each customer with the same commitment irrespective of whether they generate \$100 in commissions or \$1,000. So as the number of participants has increased, so has the customer service, information management load, etc.

Certainly MEGA has experienced significant change and major growth in its nearly two decades. Several years ago a customer relations manager's position was funded. Participating entities have grown from a handful of municipalities to over 260. We have grown from two counties to thirty four. We've partnered with NYSAC and are sponsors of several other umbrella organizations. We participate in nearly dozen events each year with exhibit hall booths and conduct sessions and seminars. Our technology is cutting edge with a new interactive website and social media sites. And we have expanded our programs to include major renewable procurements and programs. We will be adding a new compressed natural gas (CNG) program and exploring on a Community Choice Aggregation program. And finally, as reported, MEGA has become a very visible and viable voice in the energy market and milieu.

I am requesting the Board to reconsider staff remuneration. As mentioned, staff time commitment remained defined at 20 hours per week. I gauge commitment to average over 30 hours per week including significant attendance time at meetings and conferences.

Guidestar was helpful identifying salaries for a comparable position, E.D. or CEO of regional county chambers of commerce. Here's a brief summary of 2013 full time salaries as reported on IRS 990 forms:

<u>County</u>	<u>Full Time Salary</u>	<u>Chamber Annual Budget</u>
Otsego County	\$55,721.00	\$134,000.00
Delaware County	\$58,000.00	\$355,049.00
Genesee County	\$80,000.00	\$525,000.00
Tioga County	\$59,000.00	\$142,000.00
Cayuga County	\$68,510.00	\$262,600.00
Livingston County	\$55,400.00	\$230,100.00

(For comparative purposes, most of those Chambers listed have memberships probably in the 200 to 400 range, i.e. same approximate size as MEGA.)

It's my recommendation that the Board consider either a 25% or 30% salary increase for the 2015-16 fiscal year. I believe our budget can easily sustain these salary and expense. Present royalty income has substantially increased and can support an improved salary structure. Anticipated royalties from renewable agreements will guarantee an influx of considerable income.

Municipal Electric and Gas Alliance, Inc.
February 4, 2015
Meeting Minutes

	<u>2014-15</u>	<u>2015-16 (25%)</u>	<u>2015-16 (30%)</u>
Feldstein -	\$30,900	\$38,625	\$40,170
Blanchard -	\$27,810	\$34,763	\$36,153
Barton -	\$20,000	\$25,000	\$25,000
Luu -	\$16,995	\$21,244	\$22,094
<u>Total</u>	\$95,705	\$119,632	\$123,417
<u>Difference</u>		(\$23,927)	(\$27,712)

MEGA Board of Directors
Customer Relations Manager's Report
February 2015

The website overhaul project was completed, successfully launched and is proving itself a good marketing tool. Much of the information we want potential new participants to know about is there and we can refer people without worrying about out-of-date information or a non-professional appearance. Miles Ahead Communications which is responsible for the website and several new marketing pieces has also proved to be an important ally. The response is quick, accurate and creative – can't ask for more than that.

Following the Board meeting in September, we participated in the School Facility Managers Conference in Saratoga Springs. Interest was evident and we picked up some leads that looked promising. Whether or not these resulted in new participants will become evident when the quarterly royalty reports are in. At that point a new participant list will be generated. We also participated in the School Business Manager's Conference in December. The jury is out on the value of attendance there.

In October, at the request of a BOCES consortium covering Madison, Chenango, Delaware and Otsego counties, we conducted a webinar using the NYSAC facilities and moderated by Mark LaVigne covering the basic MEGA program. Attendance was not very good because the notice and invitation went out from the BOCES office and was not very effective. However, it did provide an opportunity to test out the webinar facilities at NYSAC which were very good. We can do something like this again handling the notification ourselves.

Allegany County came on board in November with both electricity and natural gas contracts! Dan Murphy (Integrus) and Todd Loucks (Direct) attended 2 meetings to assist with presentations to the Public Works Staff and Committee. Welcome Aboard Allegany! Fills a big space on the MEGA Map. We were also able to turn Yates County green on the map even though most of the county office facilities are in the Village of Penn Yan, a municipal electric utility. One lone highway garage outside the muni service boundary was placed with MEGA by the Highway Superintendent, David Hartman. This is a one-account achievement but it demonstrates what a little outreach can accomplish. We invited Dave to participate in our 2013 Energy Tract program on a hunch and as a courtesy to County Manager, Sarah Purdy and it paid off.

We have been slowly recruiting towns, villages and school districts and in November we sent a blanket mailing to Supervisors in MEGA counties governed by a Board of Supervisors. This was followed up by personal calls to each Supervisor from the EnergyNext office. As noted in the last report, NYSAC is a better contact for this group than the Association of Towns and we will know more about the results when the royalty reports for this quarter are in. (Most will remember the unhappy experience with the Association of Towns which viewed MEGA as an ATM rather than a partner. It's not clear yet what our new relationship with the Conference of Mayors might bring but all signs are positive at this point.)

Katy Vescio's work for MEGA continues to be hugely helpful. She handles initial contact through the NYSAC phone number with basic information and refers the call to me, Ron or Gordon for follow up. Her best catch this quarter was the City of Albany Central School District which became part of the MEGA family in December.

Municipal Electric and Gas Alliance, Inc.
February 4, 2015
Meeting Minutes

This quarter brought about the need for learning about a variety of new energy programs and initiatives, some of which will require direct support and participation from MEGA. Community Choice Aggregation, The Governor's REV (Reforming the Energy Vision) initiative, renewed interest in compressed natural gas as a vehicle fuel and a lifeline to communities that are forced to rely on propane or oil for heating, etc. These items will be discussed in detail at the Board meeting so I'll end there.

MEGA Board of Directors
Business Relations Manager's Report
February 2015

The learning curve has been and continues to be very steep. The number of changes and opportunities for MEGA since I left the Board are enormous. The growth of our relationship with Solar City and Gravity Renewables along with the potential opportunity with CNG and Community Choice Aggregation has been challenging for me, to say the least. I am so pleased to be part of all of this and will hopefully be up to speed in the near future.

My involvement over the past four (4) months has been a great learning opportunity and I want to thank Ron, Barbara and Gordon for including me in all of these activities. They included a meeting with the City of Oneonta, representatives from Otsego County and Solar City to discuss a project. We met with representatives from NYSERDA and the Smart Grid Consortium along with NYSAC to look at opportunities to work together. I participated in the School Business Officials management conference in Albany in early December. Schools are an area for potential future growth for MEGA, but it will take some work to break the bond between BOCES and the school districts when it comes to energy procurement. In early January, we met with NY Council of Mayors to discuss their conference and other opportunities, including introducing the renewable programs.

I am also working on the potential of micro grid applications, monitoring PSC publications as they relate to our business and preparing a Planning Session for MEGA.