

**MUNICIPAL ELECTRIC AND GAS ALLIANCE
POLICY MANUAL
As adopted April 11, 2008 via Resolution 08-06**

POLICY: MILEAGE AND TRAVEL REIMBURSEMENTS

It is the policy of the Municipal Electric and Gas Alliance that the Board of Directors and Staff shall be reimbursed for mileage and travel on corporation business.

Reimbursement will include mileage to and from the destination at the federal mileage reimbursement rate published in December of each year. Hotel accommodations and meals will be reimbursed for actual charges incurred inclusive of gratuity.

Reimbursement will occur once the expense statement and necessary receipts are received by the Office Manager and approved for payment by the Executive Director and/or designee.

POLICY MANUAL

MUNICIPAL ELECTRIC AND GAS ALLIANCE

POLICY: STAFF COMPENSATION

It is the policy of the Municipal Electric and Gas Alliance that employees of the Corporation shall be compensated at the rate negotiated with the Board of Directors. Salaries shall be set annually, effective April 1st of each year.

Payment of salaries will occur on or about the last day of each month and will be processed by the Office Manager upon approval of the Executive Director and/or Designee.

POLICY MANUAL

MUNICIPAL ELECTRIC AND GAS ALLIANCE

POLICY: INVESTMENTS

It is the policy of the Municipal Electric and Gas Alliance that investments for the Corporation shall occur with direct input from the Board of Directors. The Executive Director and Treasurer of the Corporation shall research investment strategies and report those to the Board at their regularly scheduled meetings.

POLICY MANUAL

MUNICIPAL ELECTRIC AND GAS ALLIANCE

POLICY: LOANS

It is the policy of the Municipal Electric and Gas Alliance that under no circumstances shall employees, Directors', or agents of the Corporation be extended credit in the form of a personal loan.

POLICY MANUAL

MUNICIPAL ELECTRIC AND GAS ALLIANCE

POLICY: FIXED ASSETS

It is the policy of the Municipal Electric and Gas Alliance that a written inventory of fixed assets with a value of \$300 or more will be maintained annually. Fixed assets include all property with an estimated useful life of one year or more.

POLICY MANUAL

MUNICIPAL ELECTRIC AND GAS ALLIANCE

POLICY: BANK SIGNATORIES

It is the policy of the Municipal Electric and Gas Alliance that signatories on the Corporation bank accounts will be the Executive Director and other members of the Corporation who are appointed to the Board. This action is taken to facilitate payments in a timely manner using members of the Board who are closest in proximity to the Corporation offices, located in Tompkins County. The necessary paperwork will be kept on file at the financial institution(s) holding the Corporation's accounts.

Payments in excess of \$2000 will require the signature of two signatories.

POLICY MANUAL

MUNICIPAL ELECTRIC AND GAS ALLIANCE

POLICY: CONFLICT-OF-INTEREST AND DISCLOSURE POLICY

Statement of Policy

Board members owe a fiduciary duty to the Municipal Electric and Gas Alliance (MEGA). They must place and keep the interest of MEGA foremost when considering any transactions involving MEGA and any individual or entity with whom the board member has a relationship.

Board members should not use their position to obtain a benefit for themselves or for their relatives or entities in which they have a material ownership or financial interest.

If a board member or (a) any immediate relative thereof (i.e., spouse, parents, child, step-child, sibling, and any other relative residing in the member's home) or (b) any entity (or affiliate thereof) in which the board member (i) has a material ownership or financial interest or (ii) at which he or she is employed, or, (iii) serves as an officer, director, trustee or paid consultant, has an interest in any transaction or proposed transaction with MEGA, he or she must make full disclosure of such interest or position before any discussion and deliberations relating to such transaction.

"Material ownership or financial interest" for this purpose shall mean an investment or loan which represents either a ten percent (10%) or more equity ownership interest in the entity or a loan (or loans) to such entity which total in excess of five percent (5%) of the entity's reported liabilities.

Any board member who is aware of a potential conflict of interest with respect to any matter coming before the board shall fully disclose the potential conflict and not vote in connection with the matter.

Potential Conflict-of-Interest Statement

I have read the statement of policy regarding conflicts of interest.

To the best of my knowledge and belief, except as disclosed herewith, I do not or have not had a personal or business relationship or interest that may represent a potential competing or conflicting interest, as defined in the statement of policy.

(A) Without exception

(B) Except as described in the attached statement

Date: _____, 20____

Signature: _____

POLICY MANUAL

MUNICIPAL ELECTRIC AND GAS ALLIANCE

POLICY: FINANCIAL CONTROLS

It is the policy of the Municipal Electric and Gas Alliance that financial oversight will be conducted by the Executive Director, Treasurer, and the Board of Directors. The Office Manager, through authorization of the Executive Director and/or Designee will process payments for services on behalf of the Corporation, reconcile the bank accounts and provide a written update of the Corporation's financial condition at each Board meeting. Payments will be reviewed and signed off on by the Executive Director, and for those payments in excess of \$2,000, by another member of the Board of Directors as outlined in the policy for signatories.

POLICY MANUAL

MUNICIPAL ELECTRIC AND GAS ALLIANCE

POLICY: PROGRAM ACTIVITY FUNDS

MEGA's mission is to assist energy purchasers in New York State to reduce their costs for consumption of electricity and gas. In addition, MEGA has a mission to encourage and assist its participants to use energy more efficiently and to substitute consumption of carbon-based generation of energy with alternative forms of energy generation. To carry out this mission, it is proposed that MEGA focus its use of its surplus funds on the following types of activities, and initiate some of these programs:

1. **MARKETING, EDUCATION AND ADVICE.** Increase the scope and activity of MEGA's marketing efforts to grow the number of participants who purchase electricity and natural gas through MEGA. The priority of efforts for increased marketing activities will be on municipalities and public agencies at all levels of government. Secondary priorities will be on industry and non-profit organizations. Efforts will be made to serve residential consumers, but they will be given a lower priority. Examples: Such efforts may include direct contact by mail or otherwise, attendance and presentations at association conferences, employment of marketing staff, etc.

Education programs will focus on informing consumers, whether participants in MEGA or not, about ways to reduce energy costs, energy efficiency approaches, alternative energy possibilities, etc. Examples: This can be done through newsletters, advertisements, presentations at meetings (Rotary, etc.), talks in classrooms, etc. It can also be done through the construction of demonstration projects for wind, solar or other forms of alternative energy.

Professional advice can be provided to municipalities, businesses and others when special projects arise that reflect MEGA's mission. Examples: Provide free professional consultation to a municipality or business that is considering an energy-saving or alternative energy project, or establish an in-house service at MEGA to offer professional services at no-cost or subsidized cost to energy consumers.

2. **REDUCTION IN THE USE OF ENERGY.** Initiate programs that will assist and encourage MEGA participants to save money by reducing the amount of energy that they use. Examples: The CFL (compact fluorescent light-bulb) program and the LED Holiday Lights program. Efficiency audits also may be made available.

Policy: Surplus Funds – Page Two

3. **TRANSITION TO ALTERNATIVE ENERGY.** Provide programs that will encourage and enable MEGA participants to substitute their purchases of hydrocarbon-generated electricity with energy produced from non-hydrocarbon-generating sources. Examples: Provide subsidies to MEGA participants to switch to the higher cost alternative electricity purchases. Develop programs to assist consumers to construct solar, wind or other alternative source facilities for generating electricity (e.g. provide information, professional advice, subsidies).

POLICY MANUAL

MUNICIPAL ELECTRIC AND GAS ALLIANCE

POLICY: WHISTLEBLOWER POLICY AND PROCEDURES

Purpose

It is the policy of the Municipal Electric and Gas Alliance (MEGA) to afford certain protections to individuals who in good faith report violations of MEGA's Code of Ethics or other instances of potential wrongdoing within the organization. The Whistleblower Policy and Procedures set forth below are intended to encourage and enable employees to raise concerns in good faith and without fear of retaliation or adverse employment action.

Definitions

“Good Faith”: Information concerning potential wrongdoing is disclosed in “good faith” when the individual making the disclosure reasonably believes such information to be true and reasonably believes that it constitutes potential wrongdoing.

“Public Authority Employee”: All board members, and officers and staff employed by the Municipal Electric and Gas Alliance whether full-time, part-time, employed pursuant to contract, employees on probation and temporary employees. The disclosure reasonably believes such information to be true and reasonably believes that it constitutes potential wrongdoing.

“Wrongdoing”: Any alleged corruption, fraud, criminal or unethical activity, misconduct, waste, conflict of interest, intentional reporting of false or misleading information, or abuse of authority engaged in by a MEGA Employee (as defined herein) that relates to the organization.

“Personnel action”: Any action affecting compensation, appointment, promotion, transfer, assignment, reassignment, reinstatement or evaluation of performance.

Section I: Reporting Wrongdoing

All MEGA Employees who discover or have knowledge of potential wrongdoing concerning board members, officers, or employees of MEGA; or a person having business dealings with MEGA; or concerning MEGA itself, shall report such activity in accordance with the following procedures:

- a) The MEGA Employee shall disclose any information concerning wrongdoing either orally or in a written report to his or her supervisor, or to the MEGA's ethics officer, general counsel or human resources representative.
- b) All MEGA Employees who discover or have knowledge of wrongdoing shall report such wrongdoing in a prompt and timely manner.
- c) The identity of the whistleblower and the substance of his or her allegations will be kept confidential to the best extent possible.
- d) The individual to whom the potential wrongdoing is reported shall investigate and handle the claim in a timely and reasonable manner, which may include referring such

information to the Authorities Budget Office or an appropriate law enforcement agency where applicable.

e) Should a MEGA Employee believe in good faith that disclosing information within MEGA pursuant to Section 1(a) above would likely subject him or her to adverse personnel action or be wholly ineffective, the Employee may instead disclose the information to the Authorities Budget Office or an appropriate law enforcement agency, if applicable. The Authorities Budget Office's toll free number (1-800-560-1770) should be used in such circumstances.

Section II: No Retaliation or Interference

No MEGA Employee shall retaliate against any whistleblower for the disclosure of potential wrongdoing, whether through threat, coercion, or abuse of authority; and, no MEGA Employee shall interfere with the right of any other MEGA Employee by any improper means aimed at deterring disclosure of potential wrongdoing. Any attempts at retaliation or interference are strictly prohibited and:

a) No MEGA Employee who in good faith discloses potential violations of MEGA's Code of Ethics or other instances of potential wrongdoing, shall suffer harassment, retaliation or adverse personnel action.

b) All allegations of retaliation against a Whistleblower or interference with an individual seeking to disclose potential wrongdoing will be thoroughly investigated by MEGA.

c) Any MEGA Employee who retaliates against or has attempted to interfere with any individual for having in good faith disclosed potential violations of MEGA's Code of Ethics or other instances of potential wrongdoing is subject to discipline, which may include termination of employment.

d) Any allegation of retaliation or interference will be taken and treated seriously and irrespective of the outcome of the initial complaint, will be treated as a separate matter.

Section III: Other Legal Rights Not Impaired

The Whistleblower Policy and Procedures set forth herein are not intended to limit, diminish or impair any other rights or remedies that an individual may have under the law with respect to disclosing potential wrongdoing free from retaliation or adverse personnel action.

a) Specifically, these Whistleblower Policy and Procedures are not intended to limit any rights or remedies that an individual may have under the laws of the State of New York, including but not limited to the following provisions: Civil Service Law § 75-b, Labor Law § 740, State Finance Law § 191 (commonly known as the "False Claims Act"), and Executive Law § 55(1).

b) With respect to any rights or remedies that an individual may have pursuant to Civil Service Law § 75-b or Labor Law § 740, any employee who wishes to preserve such rights shall prior to disclosing information to a government body, have made a good faith effort to provide the appointing authority or his or her designee the information to be disclosed and shall provide the appointing authority or designee a reasonable time to take appropriate action unless there is imminent and serious danger to public health or safety. (See Civil Service Law § 75-b[2][b]; Labor Law § 740[3]).

POLICY MANUAL

MUNICIPAL ELECTRIC AND GAS ALLIANCE

POLICY: CAPITALIZATION

Fixed assets should be capitalized when the asset has a useful life of one year or more and provide benefit throughout that period. The asset should be capitalized if its cost is more than \$2,500.

Assets not capitalized should be tracked for insurance and control purposes. Asset costs \$1,000 or more with a useful life of 1 year or more should be tracked as well as all IT equipment.

MEGA has one fixed asset type:

Equipment includes costs of office equipment, machinery, furniture and fixtures, furnishings and similar items.

Capitalizable Costs Associated with Asset Acquisitions:

Equipment Original contract or invoice price; freight, import duties, handling and storage costs; assembling and installation costs; reconditioning costs related to used equipment to make it available for its intended purpose.

Depreciation:

Depreciation is the concept of allocating the cost of equipment over its estimated useful life. MEGA will use the Straight line Depreciation Method. Depreciation will be calculated and reported annually.

Leased Assets:

A lease of equipment qualifies as a capital lease or an operating lease. All capital leases will be capitalized as equipment and depreciated. Capital leases meet any one of the following criteria:

- 1) The lease transfers ownership at end of the lease term.
- 2) The lease contains a bargain purchase option.
- 3) The lease term is equal to 75% or greater of the estimated economic life of the asset.
- 4) The present value at the beginning of the lease term of the minimum lease payments equals or exceeds 90 % of the fair value of the assets to the lessor at the inception of the lease. Upon entering into a lease, MEGA should request that the vendor provide all the information necessary to determine if the lease is capital or operating.

POLICY MANUAL

MUNICIPAL ELECTRIC AND GAS ALLIANCE

POLICY: INVESTMENT AND DEPOSIT

Introduction

Municipal Electric and Gas Alliance, Inc (“MEGA”) hereby adopts the following policy and procedures as it pertains to investment and deposit of MEGA Funds.

Scope

This investment and deposit policy applies to all MEGA moneys and other financial resources available for investment on its own behalf or on behalf of any other entity when acting as agent for that other entity.

Objectives

The objectives of MEGA Investment and Deposit Policy and Procedures are four fold:

- .To conform with all applicable federal, state and other legal requirements.
- .To adequately safeguard the principal amount of funds invested or deposited.
- .To provide sufficient liquidity of invested funds in order to meet obligations as they become due; and
- .To obtain a rate of return commensurate with market conditions.

Authorization

The authority to deposit and invest funds is delegated to the Treasurer of MEGA.

The Treasurer of MEGA may establish written procedures which shall provide adequate internal controls to ensure a satisfactory level of accountability regarding the management of MEGA funds.

Ethical Activity

All participants in the investment and deposit process shall seek to act responsibly as custodians of the public trust and shall avoid any transactions that place MEGA funds at unreasonable risk.

All participants involved in the investment and depository process shall refrain from personal business activity that conflict with proper execution of the deposit and investment program.

Diversification It is the policy of MEGA to diversify its deposit and investments by financial institutions, by invest instruments and by maturity scheduling.

Safekeeping and Collateralization Eligible securities used for collateralization deposits shall be held by a third party bank, trust company or trust department of the bank subject to security and collateral agreements at the discretion of MEGA.

The security and custodial agreements shall provide that securities held by the bank or trust company or agent of and custodian for, the MEGA will be kept separate and apart from the general assets of the custodial bank or trust company.

The security and collateral agreement shall provide that eligible securities are being pledged to secure MEGA deposits and investments together with agreed upon interest, if any, and any costs or expenses arising out of collection of such deposits upon default.

Permitted Investments As authorized by General Municipal Law, section 11, MEGA authorizes the Treasurer of MEGA to invest money not required for immediate expenditure for terms not to exceed its projected cash flow needs in the following types of investments:

- Obligations of the United States of America;
Obligations guaranteed by the United States of America where payment of principal and interest and guaranteed by the United States of America;
- Obligations of the State of NY;
- Special time deposit accounts;
- Certificates of Deposits;
- Obligations of public authorities, public housing authorities, urban renewal agencies and industrial development agencies where the general State statutes governing such entities or whose specific enabling legislation authorizes such investments;
- Obligations issued pursuant to Local Finance Law Section 24.00 or 25.00 (with approval of State Comptroller) by any municipality, school district or district corporation other than the County of Chemung; and
- Mutual funds that hold stocks, bonds or both.

POLICY MANUAL

MUNICIPAL ELECTRIC AND GAS ALLIANCE

POLICY: PROCUREMENT

PURPOSE

In accordance with Article 18-A of the General Municipal Law (the "GML"), Section 104-b of the GML, and the Public Authorities Accountability Act of 2005, the Alliance is required to adopt procurement policies, which will apply to the procurement of goods and services paid for by the Alliance for its own use and account. The primary objectives of this Policy is to assure the prudent and economical use of public monies in the best interests of the taxpayer, to facilitate the acquisition of goods and services of maximum quality at the lowest possible cost under the circumstances and to guard against favoritism, improvidence, extravagance, fraud and corruption.

PROCEDURES

1. Solicitation Procedures for the Purchase of Commodities, Equipment, Goods or Services.

- a. Up to \$5,000 per instance – The discretion of the Chairperson or chief executive officer of the Alliance or authorized designee.
- b. Greater than \$5,000 to \$20,000 per instance – Documented verbal quotations or written/fax/email quotations from at least three vendors.
- c. Greater than \$20,000 per instance – Written Request for Proposal.
- d. Notwithstanding the foregoing, should cumulative procurements pursuant to paragraphs a or b above exceed \$50,000 per calendar year for a single vendor, the Alliance shall be required to prepare a Written Request for Proposal for such procurements.

2. Exceptions. Alternative proposals or quotations shall not be required for procurements made through or with respect to:

- a. New York State – when the Alliance is able to procure commodities, equipment, goods or services through New York State or Tompkins County contracts, it is unnecessary to obtain quotations or bids;
- b. State Finance Law Section 175-b (from agencies for the blind or severely handicapped);
- c. Correction Law Section 186 (articles manufactured in correctional institutions);
- d. Emergency Procurements – an emergency exists if the delay caused by soliciting quotes would endanger health, welfare, property or an economic development opportunity. Approval of the Chief Executive Officer is necessary, which shall be documented and shall also include a description of the facts giving rise to the emergency.
- e. Sole Source Procurements – A "sole source" means a situation where (i) there is only one possible source from which to produce goods and/or services available in the marketplace, (ii) no other goods and/or services provide substantially equivalent or similar benefits, and (iii) considering the benefits, the cost to the Alliance is reasonable.

- f. Unavailability of three (3) vendors who are able or willing to provide a quote.
- g. When such procurements were obtained prior to the adoption of this policy, they may be continued at the discretion of the Board without additional solicitations being sought.

3. Basis for the Award of Contracts.

Contracts will be awarded to the lowest responsible dollar offeror who meets the specifications therefore, except in circumstances that the Alliance determines justify an award to other than the lowest responsible dollar offeror. In making any such determination, the Alliance shall consider relevant factors including, without limitation:

- a. Delivery requirements
- b. Quality requirements
- c. Quantity requirements
- d. Past vendor performance and/or experience
- e. The unavailability of three or more vendors who are able or willing to quote on a procurement.
- f. It may be in the best interests of the Alliance to consider only one vendor who has previous expertise with respect to a particular procurement.
- g. Any procurement excepted from the alternative proposal/quotation requirements as set forth in subdivision 2 of this Section B, and the procurement of professional services in Section E of this Policy.

4. Documentation

- a. A record of all solicitations for alternative proposals or quotations, the response (if applicable), and any determinations pursuant thereto shall be maintained in the procurement file.
- b. For each procurement by the Alliance the chief executive officer of the Alliance or authorized designee shall set forth in writing the category of procurement that is being made and what method of procurement is specified.
- c. Whenever an award is made to other than the lowest responsible dollar offeror the reasons for doing so shall be set forth in writing and maintained in the procurement file.
- d. Whenever the specified number of quotations cannot or will not be secured, the reasons for this shall be indicated in writing and maintained in the procurement file.

B. Professional Services.

Contracts for professional services involve the application of specialized expertise, the use of professional judgment, or a high degree of creativity. Professional services include services which require special education and/or training, license to practice or are creative in nature. Examples are: lawyers, doctors, accountants, and engineers. Furthermore, professional service contracts often involve a relationship of personal trust and confidence. Procurement of professional services below \$20,000 is not subject to the solicitation procedures contained in Section B (1) of this Policy. Procurement of professional services greater than \$20,000 is subject to the existing "Professional Services RFP Process" as amended from time to time, unless such service was obtained prior to this policy's adoption. Specific professional services not otherwise identified within the "Professional Services RFP Process" are hereby deemed to be so included, as appropriate.

C. Procurement Lobbying Law.

In accordance with Chapter 1 of the Laws of 2005, generally referred to as the "Procurement Lobbying Law", the Alliance shall implement the provision of such

Procurement Lobbying Law for any contract or other agreement for an article of procurement involving an estimated annualized expenditure in excess of \$15,000.

D. Unintentional Failure to Comply.

The unintentional failure to comply with the provisions of Section 104-b of the GML shall not be grounds to void action taken or give rise to a cause of action against the Alliance or any officer thereof.