

Minutes of the Annual Meeting of the Municipal Electric and Gas Corporation - April 21, 2017

Present: Michael Stamm, Mark Taylor, Bob Edwards, Heather Brown, Karen Sullivan, Jack Wheeler, Ellen Pratt, Steve Hoover, Richard Blythe, Mark Sachetti, Crystal Abers, Mary Pat Hancock, Mack Cook, NYCOM, Allen Olsen, NYSASBO

Guests: Ronald Dougherty, Tioga County Founding Member; Gordon Boyd, Gene Salerni, Danielle McMullen, Anna Baluyot, David Wiers, Energy Next; Patrick Cummings, NYSAC; Omay Elphik, Gravity Renewables; Barry Warren; Henry Schecher

Staff: Ronald Feldstein, Douglas Barton, Barbara Blanchard, Jennifer Luu, Jonathan Wood, Louise Gava

Call to Order, Approval of Agenda, and Announcements

Chairman Stamm called the meeting to order at 11:00 a.m., and welcomed Ron Dougherty, a founding member of the organization from Tioga County to the meeting.

Mr. Salerni thanked the Board for their thoughtfulness and generous donation in his wife Ellen's name when she passed in April 2016.

Mr. Stamm thanked Mr. Elphick for Gravity Renewables donation to the meeting. Mr. Elphick stated the picture book is a compilation of hydro projects in the Northeast and Upstate New York. He stated both the projects in Waterloo and Seneca Falls are directly tied to MEGA and Tompkins County is purchasing electric from the Waterloo location and that project will be named in memory of Stu Stein.

Introductions of board members and guests followed.

Announcement of New Corporate Members

Mr. Stamm announced and following new members to the Corporation and welcomed those in attendance to the meeting.

- Richard Blythe (Broome County)
- Rochelle Stein, (Genesee County)

Approval of Minutes

It was Moved by Mr. Edwards, seconded by Mr. Taylor and unanimously adopted by voice vote of members present to approve the minutes of April 26, 2016 as submitted.

Resolution 17-1 - Board of Directors for 2017-2018

It was Moved by Ms. Hancock, seconded by Ms. Abers and unanimously adopted by voice vote of members present to approve the Board of Directors for 2017-2017.

Resolved, that the following members of the Corporation are hereby elected to serve as the Board of Directors for the year 2015-2017:

- Crystal Abers – Cattaraugus County
- Michael Stamm – Tompkins County
- Heather Brown – Sullivan County
- Mark Taylor - Schuyler County
- Richard Blythe – Broome County
- Steven Hoover - Chemung County
- Jack Wheeler – Steuben County
- Robert Edwards – Hamilton County
- Karen Sullivan – Otsego County
- Allen Olsen – Representing New York State Association of School Business Officials
- Mack Cook – Representing New York Conference of Mayors and Municipal Officials

Resolution 17-2 - Election of Officers

It was Moved by Ms. Hancock, seconded by Mr. Edwards, and unanimously adopted by voice vote of members present to accept the slate of officers presented by the Nominating Committee for 2017-2018 as follows:

President – Michael Stamm
Vice-President – Mark Taylor
Secretary – Richard Blythe
Treasurer – Steve Hoover

Appointment of Audit Committee

Mr. Stamm appointed Mr. Hoover and Mr. Olsen as the Audit Committee for the year.

Appointment of Governance Committee

Mr. Stamm appointed himself and Mr. Taylor as the Governance Committee for the year.

Treasurer's Report

Year-End Financial Report

Mr. Hoover reported that both revenues and expenses were less than expected for the year, but the use of fund balance dollars will be less than the \$105,000 projected for the year. At the February meeting the Board reviewed the proposed budget for the coming year, but has since been modified to increase the renewable and CCA royalties for the year. The budget is up from \$797,000 in 2016 to \$1.1 million in 2017 resulting in the use of the fund balance of \$88,675.

The group reviewed the program budgets for the year. Mr. Salerni was asked how the he arrived at the projected of \$300,000 in renewable revenue for the year. Mr. Salerni stated he reviewed the five-year plan for the hydro and solar projects. There are currently 25-27 solar

projects that are underway and 24 of those are expected to tranche this year. Revenues from the projects were been budgeted conservatively due to project delays, but have since been increased. He stated that three additional hydro projects are expected to come on line this year. To date one payment has been received from Gravity Renewables. He noted the agreements that were negotiated with both the solar and hydro suppliers are to front load the royalties. After five years all of those royalties will have been received. The only way additional royalties will be realized after that time is if there are additional projects. Other types of projects will have to be considered, i.e., community solar, to bring in more funding. If the funding for the year isn't realized this will have a negative impact on the fund balance.

Mr. Hoover stated that the fund balance is being decreased due to new programs. He stated he does not believe cash flow is affected, but noted the organization is taking on additional risk. Mr. Taylor noted the CCA revenue, if realized, will offset the risks.

Resolution 17-3 - Adoption of 2017-2018 Budget

It was Moved by Mr. Hoover, seconded by Mr. Wheeler and unanimously adopted by voice vote of members present. Ms. Brown stated the revised marketing plan was spoke to at yesterday's strategic planning session and an estimate of approximately \$4,000 was quoted to produce a corporate report. Ms. Baluyot stated that there have been discussions about the production of a report similar to an annual report but not on an annual basis. Proposals were requested from three firms and Iron Design in Ithaca was selected. A start date of May with finalization in August is the current time line. Mr. Hoover stated there was much more scrutiny given to this years budget in order to projections more accurately reflect actual expected expenditures. It may be necessary to have mid year budget adjustments to continue toward that goal.

Resolved, that the Budget for Fiscal Year 2017-2018 is hereby adopted

Acceptance of Strategic Plan

The final report will be sent out early next week incorporating the changes that were made at yesterday's planning session. Board members will be looked to for assistance with outreach to get more members. A good example is how successful Mr. Blythe has been in getting new members. The Plan will be voted on during the Board of Directors meeting.

Community Choice Aggregation Status Update

Ms. Gava reported 19 municipalities, encompassing 40k households are on board to explore community choice aggregation. She gave the group the presentation that she and Ms. McMullen provide to communities when they meet with them. CCA also has a stand alone website, <http://megacca.org/> where additional information can be obtained.

Mr. Hoover asked what the risk is of not receiving royalties in Q1 2018. Mr. Feldstein stated that since the inception of CCA, staff are moving full steam ahead using a team approach. Any issues with the program rolling out in a timely manner have been are external, i.e., regulatory etc.

Mr. Stamm asked member to reach out to Ms. Gava with additional questions.

Shared Services Law

Mr. Cummings distributed a handout, attached. He noted there are still a lot of questions in to the Department of State. Mr. Boyd stated that staff will get with NYSAC as soon as possible to put together a piece to go out to counties on how to handle their MEGA participation.

Ms. Abers left the meeting at 12:20 p.m.

Establishment of 2018 Annual Meeting Date

There was consensus of members present to tentatively establish April 20, 2018 as the 2018 annual meeting date.

Adjournment

It was Moved by Mr. Blythe, seconded by Mr. Taylor unanimously adopted by voice vote of members present to adjourn the corporation meeting at 12:20 p.m.

Minutes prepared by Jennifer Luu.

Mandated Shared Services Initiative/Local Government Finance

The enacted State Budget includes a variation of the Governor's Shared Services Initiative. Under the provision of this language, the state is requiring the creation of a shared services panel at the local level, chaired by the county executive, the county administrator, or the county board chair (in counties that do not have an executive of administrator/manager), referred to hereafter as county leader.

The panel shall consist of the chief executive officer from each city, town and village in the count. These chief executive officers have unilateral ability to eliminate any language in the proposal that impacts their represented area. School districts, BOCES and special districts may be invited, but are not required to participate. Should they participate, each would have a representative on the panel.

The county leader, working through the panel, shall prepare a property tax savings plan for shared, coordinated and efficient services among the county, cities, towns, and villages. In developing the county wide shared services plan, the county leader shall take recommendations from the shared services panel, as well as from representatives of each collective bargaining unit of the county, cities, towns and villages, as well as school districts, BOCES and special districts if participating on the panel. In addition, the county leader shall accept recommendations from the public, civic, business, labor and community leaders and conduct a minimum of three public hearings.

The county wide property tax savings plan **MUST** contain new recurring property tax savings through the elimination of duplication of services; shared services; energy and insurance purchasing cooperatives; reduction in back office overhead and better coordination of services, etal.

The county leader shall submit this plan to the county legislative body no later than August 1, 2017 and certify the savings contained therein. The legislative body, by majority vote, may issue an advisory opinion on the property tax savings plan to the county leader.

After the County Legislative review, the County Shared Services Panel, by majority vote of participating municipalities, may approve the plan. There is **NO REFERENDUM** as proposed by the Governor in earlier versions.

If the panel votes to reject the plan the votes become public and each panel member must include written reasoning for their vote.

If the panel does not approve the plan by deadlines set forth in 2017, it shall follow the same procedures for 2018. Should the panel approve the plan, the plan's tax savings must be certified and detail the homeowner, business property tax increase/decrease and savings associated with this plan by calendar year and shall be disseminated to the residents of the county by September 15, 2017 and submitted to the state budget director. The county leader must conduct a public presentation of this plan by October 15, 2017.

Any transfer of function, abolition of duty amongst the local governments, is subject to constitutional referendum provision in current law.

The county plan "may" be eligible for one time funding to match savings in the plan, subject to appropriation and discretion of the state budget director. Only net savings between local governments would be eligible for matching funding. Internal efficiencies without participation of other local governments are not eligible for matching funding. Each county all the local governments within the county that are part of any action to be implemented as part of the approved plan must collectively apply for the matching funding and agree on the distribution and use of any match funding to qualify for such funding. The act takes effect immediately upon passage of the State Budget.