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February 3, 2012

To All NYSMEC Participants,

Attached please find documentation that requires Board action.

As you are aware, our current contracts for both natural gas and electricity expire on April 30, 2012. We have been working with a consultant who is preparing bid documents to be sent to Energy Service Companies (ESCO's).

In an effort to obtain the best possible prices without sacrificing security and predictability of pricing, we are implementing some changes in the process of confirming your continued participation in the program. We are asking you to authorize NYSMEC to conduct the cooperative public bid process and to award binding purchase contracts as long as the price does not exceed the amount stated in the resolutions. Our consultant and NYSMEC believe that we will get better pricing from the ESCO's if we have firm commitments from our participants prior to completion of the bid process.

Attached you will find the following documents:

- "Electricity Cooperative Energy Purchasing Service Billing Schedule And Agreement"
- "Resolution Authorizing Participation In Cooperative Energy Purchasing Service (NYSMEC) For Electricity"
- "Natural Gas Cooperative Energy Purchasing Service Billing Schedule And Agreement"
- "Resolution Authorizing Participation In Cooperative Energy Purchasing Service (NYSMEC) For Natural Gas"

Our consultant has run some pricing scenarios based on the following criteria:

- Current Market Conditions
- Future Market Predictions
- Various Contract Terms (1, 2, and 3 years)
- Service Classifications
- Zone areas (for electric)
- Balancing Options (for natural gas)

Because the bids will not be opened and awarded until late March, we have put in the documents a "Not to Exceed" price per kWh for electric and per therm for natural gas. These "not to exceed" prices are a result of the consultant's findings based on the factors listed above. The actual prices will be determined by the market at the time of bid opening. While we expect pricing to come in lower than the "not to exceed" price, this is the absolute cap you are allowing us to award on either bid, and for a term not to exceed 3 years.

The price listed on each resolution is the highest price we would accept in the most expensive electric zone and in the most expensive balancing option for natural gas. For example, Zone C electric is less expensive than Zone H electric. The price listed on the resolution is the highest price acceptable in the highest priced zone. We expect that lower priced zones would be locked in at a lower price.

Please note that these figures are for the commodity only and do not include the utility "transportation" charges.

I will need all signed documents returned to me no later than 12:00 noon on Friday, March 16th. If your intent is to discontinue your participation in the program, I will need a letter in writing stating that intention as soon as possible, but no later than 12:00 noon on Friday, March 16th.

We are confident this change in procedure will bring more competitive pricing to our bid process.

If you have any questions, please feel free to contact myself or Deb Ayers.

Sincerely,



Kathy Stokes
Coordinator of Energy Services

ELECTRICITY COOPERATIVE ENERGY PURCHASING SERVICE

BILLING SCHEDULE AND AGREEMENT

Participation Period

The term of the energy purchasing contracts entered into with one or more energy suppliers pursuant to the Municipal Cooperation Agreement For Energy Purchasing Services dated the 1st day of May, 2005 (the "Agreement"), among municipal corporations collectively identified as the New York School and Municipal Energy Consortium ("NYSMEC") will be determined by NYSMEC and/or the Administrative Participant based on its good faith determination of the best interests of the Participants as a whole. The term will be at least 1 year and no more than 3 years.

National Grid

Electricity May 1, 2012 – for 1 to 3 years, in six month increments

NYSEG

Electricity May 1, 2012 – for 1 to 3 years, in six month increments

Billing Period – Electricity Consumption

Each Participant's electric bills are estimated, based upon a three-year consumption average, factoring in other variables such as, but not limited to, previous weather patterns, energy improvements at sites and construction. The Participant will be billed in six (6) installments invoiced on or about the following dates:

Installment 1	June 1	Installment 4	December 1
Installment 2	August 1	Installment 5	February 1
Installment 3	October 1	Installment 6	April 1

Billing Period - Energy Services Coordination

For school districts, the billing period for the participation/coordination of energy services is ten (10) relatively equal monthly installments from September through June.

For all other municipalities, the billing period for the participation/coordination of energy services is one (1) initial lump sum payment due on or about January 1 or within thirty (30) days of the invoice date, whichever is later.

Reconciliation

Reconciliation is the balancing between the amount paid based on estimates and the amount due based on actual costs and consumption. The Administrative Participant performs an annual reconciliation, balancing the amount paid for the six (6) installments and the amount of actual electricity consumed based upon the Participant's actual bills.

The reconciliation balance also reflects any unpaid prior balances and losses to the NYSMEC due to unpaid or uncollectable accounts payable, termination costs and/or other costs or liabilities under the Agreement. Except as provided otherwise in the Agreement or this Billing Schedule and Agreement all gains or losses to the NYSMEC are prorated to the Participants in proportion to the relative costs of each Participant's purchases of electricity in the year during which such services are rendered, or in accordance with any other reasonable formula.

The reconciliation for the previous year occurs in September of the next year. If the Participant has overpaid, then the Participant will receive a refund of the credit balance. If the Participant has underpaid, then the Participant will be invoiced for the balance due.

Payments for Electricity Consumption and Installment Billing

The Participant agrees to pay all installment and other invoices within thirty (30) days of the invoice date. The Participant's bill is prepared and mailed through the NYSMEC. Payments must be made payable to the "New York School and Municipal Energy Consortium" or "NYSMEC". A 0.75% per month late charge will be assessed on the outstanding balance of any unpaid invoices exceeding thirty (30) days from the original invoice date. Late payments may affect the Participant's share of NYSMEC's year-end surplus, if any. The Administrative Participant may calculate and impose any necessary assessment on the Participants for additional payments if actual costs (e.g., due to energy consumed, administrative expenses and/or other liabilities or expenses) exceed amounts held on behalf of the Participants and will refund amounts in excess of amounts required.

Termination

If a Participant voluntarily terminates its participation in a multi-year energy purchasing contract in accordance with such contract's terms, it will be liable for and will pay to the NYSMEC or directly to the energy supplier as may be directed by the NYSMEC any termination charges or other expense determined in accordance with the energy purchasing contract.

The Agreement and NYSMEC's services to an individual Participant may be terminated with respect to such Participant at the discretion of the Administrative Participant, after consultation with the Advisory Council, for non-payment exceeding sixty (60) days from the original invoice date. If a Participant is in jeopardy of being terminated, it will be given written notice and ten (10) days to pay in full. Upon termination, the Participant will be given written notice. In such event, all outstanding balances owed by the Participant to the NYSMEC remain due and payable and the terminated Participant shall be directly liable to the energy supplier for all payment due for energy provided to it pursuant to the energy purchasing contract. In the event of termination, the Administrative Participant may in its discretion refuse future requests for participation from the Participant.

By signing below, the Participant agrees to all of the terms and conditions of the Agreement and of this Electricity Billing Schedule and Agreement for the service period determined as described above. Furthermore, it authorizes the Administrative Participant to act on its behalf to prepare, advertise, disseminate and open bids and award contracts for the purchase and delivery of electricity as is more fully set forth in the Resolution adopted by its governing body, a certified copy of which is attached.

Signature of Authorized Representative

Date

Representative's Name: _____

Name of the School District or Municipality

Address of School District or Municipality

**RESOLUTION AUTHORIZING PARTICIPATION IN
COOPERATIVE ENERGY PURCHASING SERVICE
(NYSMEC) FOR ELECTRICITY**

WHEREAS, Article 5-G of the New York State General Municipal Law authorizes municipal corporations to enter into cooperative agreements for the performance or exercise of services, functions, powers or activities on a cooperative or contract basis among themselves or one for the other, and

WHEREAS, Section 119-n of the General Municipal Law defines the term "municipal corporation" for the purposes of Article 5-G as a county outside the city of New York, a city, a town, a village, a board of cooperative educational services, a fire district or a school district; and

WHEREAS, _____ *(Insert name of school district, town, village, etc.)*
(hereinafter sometimes referred to as "Participant") is a "municipal corporation" as defined above; and

WHEREAS, this Board wishes for this municipal corporation to become or remain a Participant pursuant to the Municipal Cooperation Agreement For Energy Purchasing Services dated the 1st day of May, 2005 (the "Agreement"), among municipal corporations collectively identified as the New York School and Municipal Energy Consortium ("NYSMEC") upon the terms of the Agreement and further wishes to authorize participation as an energy consumer as specified below.

NOW THEREFORE, BE IT RESOLVED that this Board hereby determines that it is in the interests of the this municipal corporation to participate in the NYSMEC, and authorizes and directs _____ *(insert name or title of Participant representative)* to sign the Agreement/and or the Billing Schedule and Agreement for electricity on its behalf; and

BE IT FURTHER RESOLVED that this Board authorizes the Administrative Participant (as defined in the Agreement) to prepare, advertise, disseminate and open bids pursuant to the General Municipal Law and to award, execute and deliver binding contracts on behalf of this Board for the purchase of electricity for this Participant to the lowest responsible bidder as is determined by the Administrative Participant at a commodity price not to exceed \$0.085 per kWh for a term of at least one year and no more than three years commencing May 1, 2012, and other terms and conditions, all as may be determined by the Administrative Participant, or to reject any or all such bids; and

BE IT FURTHER RESOLVED that this Participant agrees to advertise said bid as may be directed by the Administrative Participant; and

BE IT FURTHER RESOLVED that the officers and employees of this Participant are authorized to execute such other confirming agreements, certificates and other documents and take such other actions as may be necessary or appropriate to carry out the intent of this resolution.

This Resolution shall take effect immediately.

I certify that the foregoing resolution was duly adopted by the governing body of the municipal corporation named therein at a duly convened meeting thereof, held upon due notice and in accordance with all applicable laws, charters, by-laws and ordinances, including but not limited to the Open Meetings Law, as follows:

Date of Meeting: _____

Vote: Yes _____ No _____ Abstaining/Absent _____

Clerk of governing body
of municipal Participant

Date

SEAL

NATURAL GAS COOPERATIVE ENERGY PURCHASING SERVICE

BILLING SCHEDULE AND AGREEMENT

Participation Period

The term of the energy purchasing contracts entered into with one or more energy suppliers pursuant to the Municipal Cooperation Agreement For Energy Purchasing Services dated the 1st day of May, 2005 (the "Agreement"), among municipal corporations collectively identified as the New York School and Municipal Energy Consortium ("NYSMEC") will be determined by NYSMEC and/or the Administrative Participant based on its good faith determination of the best interests of the Participants as a whole. The term will be at least 1 year and no more than 3 years.

National Grid

Natural Gas May 1, 2012 – for 1 to 3 years, in six month increments

NYSEG

Natural Gas May 1, 2012 – for 1 to 3 years, in six month increments

Billing Period - Natural Gas Consumption

Each Participant's natural gas bills are estimated, based upon a three-year consumption average, factoring in other variables such as, but not limited to, previous weather patterns, energy improvements at sites and construction. The Participant will be billed in six (6) installments invoiced on or about the following dates:

Installment 1	June 1	Installment 4	December 1
Installment 2	August 1	Installment 5	February 1
Installment 3	October 1	Installment 6	April 1

Billing Period - Energy Services Coordination

For school districts, the billing period for the participation/coordination of energy services is ten (10) relatively equal monthly installments from September through June.

For all other municipalities, the billing period for the participation/coordination of energy services is one (1) initial lump sum payment due on or about January 1 or within thirty (30) days of the invoice date, whichever is later.

Reconciliation

Reconciliation is the balancing between the amount paid based on estimates and the amount due based on actual costs and consumption. The Administrative Participant performs an annual reconciliation, balancing the amount paid for the six (6) installments and the amount of actual natural gas consumed based upon the Participant's actual bills.

The reconciliation balance also reflects any unpaid prior balances and losses to the NYSMEC due to unpaid or uncollectable accounts payable, termination costs and/or other costs or liabilities under the Agreement. Except as provided otherwise in the Agreement or this Billing Schedule and Agreement all gains or losses to the NYSMEC are prorated to the Participants in proportion to the relative costs of each Participant's purchases of natural gas in the year during which such services are rendered, or in accordance with any other reasonable formula.

The reconciliation for the previous year occurs in September of the next year. If the Participant has overpaid, then the Participant will receive a refund of the credit balance. If the Participant has underpaid, then the Participant will be invoiced for the balance due.

Payments for Natural Gas Consumption and Installment Billing

The Participant agrees to pay all installment and other invoices within thirty (30) days of the invoice date. The Participant's bill is prepared and mailed through the NYSMEC. Payments must be made payable to the "New York School and Municipal Energy Consortium" or "NYSMEC". A 0.75% per month late charge will be assessed on the outstanding balance of any unpaid invoices exceeding thirty (30) days from the original invoice date. Late payments may affect the Participant's share of NYSMEC's year-end surplus, if any. The Administrative Participant may calculate and impose any necessary assessment on the Participants for additional payments if actual costs (e.g., due to energy consumed, administrative expenses and/or other liabilities or expenses) exceed amounts held on behalf of the Participants and will refund amounts in excess of amounts required.

Termination

If a Participant voluntarily terminates its participation in a multi-year energy purchasing contract in accordance with such contract's terms, it will be liable for and will pay to the NYSMEC or directly to the energy supplier as may be directed by the NYSMEC any termination charges or other expense determined in accordance with the energy purchasing contract.

The Agreement and NYSMEC's services to an individual Participant may be terminated with respect to such Participant at the discretion of the Administrative Participant, after consultation with the Advisory Council, for non-payment exceeding sixty (60) days from the original invoice date. If a Participant is in jeopardy of being terminated, it will be given written notice and ten (10) days to pay in full. Upon termination, the Participant will be given written notice. In such event, all outstanding balances owed by the Participant to the NYSMEC remain due and payable and the terminated Participant shall be directly liable to the energy supplier for all payment due for energy provided to it pursuant to the energy purchasing contract. In the event of termination, the Administrative Participant may in its discretion refuse future requests for participation from the Participant.

By signing below, the Participant agrees to all of the terms and conditions of the Agreement and of this Natural Gas Billing Schedule and Agreement for the service period determined as described above. Furthermore, it authorizes the Administrative Participant to act on its behalf to prepare, advertise, disseminate and open bids and award contracts for the purchase and delivery of natural gas as is more fully set forth in the Resolution adopted by its governing body, a certified copy of which is attached.

Signature of Authorized Representative

Date

Representative's Name:

Name of the School District or Municipality

Address of School District or Municipality

**RESOLUTION AUTHORIZING PARTICIPATION IN
COOPERATIVE ENERGY PURCHASING SERVICE
(NYSMEC) FOR NATURAL GAS**

WHEREAS, Article 5-G of the New York State General Municipal Law authorizes municipal corporations to enter into cooperative agreements for the performance or exercise of services, functions, powers or activities on a cooperative or contract basis among themselves or one for the other, and

WHEREAS, Section 119-n of the General Municipal Law defines the term "municipal corporation" for the purposes of Article 5-G as a county outside the city of New York, a city, a town, a village, a board of cooperative educational services, a fire district or a school district; and

WHEREAS, _____ (Insert name of school district, town, village, etc.) (hereinafter sometimes referred to as "Participant") is a "municipal corporation" as defined above; and

WHEREAS, this Board wishes for this municipal corporation to become or remain a Participant pursuant to the Municipal Cooperation Agreement For Energy Purchasing Services dated the 1st day of May, 2005 (the "Agreement"), among municipal corporations collectively identified as the New York School and Municipal Energy Consortium ("NYSMEC") upon the terms of the Agreement and further wishes to authorize participation as an energy consumer as specified below.

NOW THEREFORE, BE IT RESOLVED that this Board hereby determines that it is in the interests of the this municipal corporation to participate in the NYSMEC, and authorizes and directs _____ (insert name or title of Participant representative) to sign the Agreement/and or the Billing Schedule and Agreement for natural gas on its behalf; and

BE IT FURTHER RESOLVED that this Board authorizes the Administrative Participant (as defined in the Agreement) to prepare, advertise, disseminate and open bids pursuant to the General Municipal Law and to award, execute and deliver binding contracts on behalf of this Board for the purchase of natural gas for this Participant to the lowest responsible bidder as is determined by the Administrative Participant at a commodity price not to exceed \$0.8160 per therm for a term of at least one year and no more than three years commencing May 1, 2012, and other terms and conditions, all as may be determined by the Administrative Participant, or to reject any or all such bids; and

BE IT FURTHER RESOLVED that this Participant agrees to advertise said bid as may be directed by the Administrative Participant; and

BE IT FURTHER RESOLVED that the officers and employees of this Participant are authorized to execute such other confirming agreements, certificates and other documents and take such other actions as may be necessary or appropriate to carry out the intent of this resolution.

This Resolution shall take effect immediately.

I certify that the foregoing resolution was duly adopted by the governing body of the municipal corporation named therein at a duly convened meeting thereof, held upon due notice and in accordance with all applicable laws, charters, by-laws and ordinances, including but not limited to the Open Meetings Law, as follows:

Date of Meeting: _____

Vote: Yes _____ No _____ Abstaining/Absent _____

Clerk of governing body
of municipal Participant

Date

SEAL