

AUBURN MUNICIPAL POWER AGENCY MEETING MINUTES
MONDAY, FEBRUARY 8, 2010
AT 4:00 P.M.

Members Present: Dennis Zach, Chairperson, John Montone, Nancy Hussey, Luke Rybarczyk, William Graney, and Nicholas Brindak

Member Absent: Vijay Mital, Mike Luksa, and Krste Biljanoski,

Staff Present: Christina Selvek, Andy Fusco, and Vicky Murphy

Council Member: Gilda Brower

Chairperson Dennis Zach called the meeting to order at 4:00 p.m. on Monday, February 8, 2010. Asked for a motion to approve minutes of the last meeting, motion made by Luke Rybarczyk and seconded by Bill Graney, all in favor, no one opposed.

Our next order of business would be to approve the amendment to the by-laws regarding the term limit of the Chairman. Did everybody get an email on that? All said they did. Motion made by Bill Graney and seconded by Nicholas Brindak to approve the amendment to the by-laws. All in favor, no one opposed.

Next order of business is the landfill update which I will turn over to John Montone because he has been the project leader on just about everything.

Mr. Montone: A couple things, but first of all I would like to let you know, Nancy asked at the last meeting about stand by charges under certified classification #11 of the Public Service Commission, basically customer will have the option of accepting contract demand, maximum demand to be provided stand by power. What it comes down to is we would work with the Public Service Commission for the stand by charge under an Energy Service Agreement specifically states that if the generation of the plant goes down the generating plant then we would be provided power by Central Hudson through NYSEG. We have been purchasing the power still from CH; they are obligated to pay for stand by charges.

Ms. Hussey: Do they have a mark up?

Mr. Montone: If it is their problem going down in generation they still have to provide us with power. The stand by situation basically comes in because NYSEG wants to have that ability to charge us, but we don't know the rate as yet. If we gave them a figure of 800 KW, which will cover to take care of the Wastewater Plant, basically that is what the demand is.

Ms. Hussey: Will CH be able to give it to us at their cost or would they mark up because they would be purchasing the power?

Mr. Montone: Demand charge and purchasing power are two different things. Demand charge is a separate charge on an annual basis. If the plant goes down and it will go down, it means they are obligated to provide us power from somewhere so they have to pay NYSEG that demand charge because that is power that has to be stand by. The cost of the power is still what it is to us at \$5.99 they are going to end up probably trying to argue this point with us.

Mr. Zach: The demand charge I thought the demand was \$2.97 a KW, John said it would be a yearly charge or just how many times do we go down for it.

Mr. Montone: A little more update on the plant itself, I just talked with Mike Voltz, Bill Graney and I were there last week, right now it has been running all weekend 114 hours on the one gen set ran about 800 KW and they have sent a notice to us the City Manager about doing a walk through on Thursday to develop a punch list of what is needed so we would accept commercial operation next week to schedule the cut over to the Wastewater Plant. We don't want to do that until that operation is very secure.

They have had a few problems with GE the actual generators basically they want to rank it up higher so it really comes down to is we will accept that when we feel it is right otherwise we are obligated to take that and start paying for it. The plant obviously should be reading sometime next week, I would feel more comfortable doing a walk through, when I say we, Vicky will be there, myself, Denny, Mayor or Corporation Counsel. If we see thing to be changed we will notify them.

Mr. Rybarczyk: What time is the walk through?

Mr. Montone: Don't know yet, I would imagine it would be in the afternoon. Mike Voltz is coming up. That is all I have on that, that is pretty much there what it is, again we are going to be generating hopefully we will have the Wastewater Plant on line next week.

Mr. Brindak: John, do they have a co-generation feature when they take the hot gases

Mr. Montone: Yes, yes. Utilize that potential possibly for economic development customers could be locating at Tech Park.

Mr. Zach: Want to say something about the interconnect, how close that would be after we accept commercial operation is that going to be scheduled any time?

Mr. Montone: Yes.

Mr. Zach: Everybody understand that?

Mr. Montone: Have to put in a pipe to take it across the street we can recoup that cost based on our tariff, how we establish that.

Ms. Selvek: The City is putting in for Federal funding to actually help us cover cost for a portion of the project, we are asking for probably One million dollars park of larger Technology Park improvements (could not hear)

Mr. Zach: We had a meeting this morning with a rep from the Pellet Factory and they plan to take all the heat from the two (2) generators. I guess engineering wise they have to be individual lines from the supply header at the plant. Have to be a separate supply and return.

Ms. Hussey: Who developed the policy on how we are going to distribute the excess power?

Mr. Montone: That is the next thing here.

Mr. Zach: Wastewater and connect, after the Purchase Power Agreement is in place just a matter of scheduling

Mr. Montone: The excess power is being negotiated with NYSEG through our attorney in Washington, do a Purchase Power Agreement with NYSEG. If that falls through we would put the power into the grid and sell it to NYSCO. Once we knock on the door at McQuay and say do you want to purchase excess they will pay that transportation fee to NYSEG, we are going to be providing them the power, before we can do that we have to through the PURPA situation.

Mr. Zach: We do have to set up a standing committee to form our own utility to be able to sell power and heat whatever and I guess they call it PURPA.

Mr. Montone: I had a contact with NYSEG going back over a year ago with Jeff Ginzer our attorney and Derek, NYSEG raised the situation about what makes you think you have the right to do that and obviously we have the local law in place, but the attorneys suggested we go to PURPA, negotiate outright with each individual customer in that area. Set a tariff at whatever we decide we also have to also include an analysis economically to see what it costs us and charge a fair rate to new customers or existing customers that are there. That is what PURPA will do. We will be registered with them to do tat. This committee would set that rate, come to City Council and like it says in the local law and set the tariffs and that is what we abide by. We can do that with the heat and electric. Any questions on that. PURPA is a lot of coops and different places like that. That is how we would offer a price to the Pellet Factory. We are trying to get that done, we are negotiating with NYSEG over the Purchase Power Agreement they can come back and put a lot of restrictions in the Purchase Power Agreement, Derek our attorney has taken some and made some changes on it and now he is going to give it back to them and then we will go from there. In the meantime hopefully everything will be retroactive so we will be producing 3 megawatts.

Ms. Selvek: You are working with Vicky to get the plant ready?

Mr. Montone: Yes there is not a lot to do just scheduling, parts that have to be put in place transferring for metering we are going to record the power that we are going to be sending to the Water Treatment Plant establish records sending to the Treatment Plant, that is pretty straight forward.

Mr. Rybarczyk: How long a process is it?

Mr. Montone: I don't have the answer to that it could be six (6) months maybe less. It doesn't mean we can't keep moving forward no restrictions saying that.

Ms. Hussey: Good to continue it so it is in place if we need. We will use one (1) megawatt and then there will be two (2) megawatts available?

Mr. Montone: Actually there will be two (2) at the digester will use one (1) megawatt and one (1) will be available.

Ms. Hussey: Ok and my question with respect to a policy on distribution, I am just worried a bout we have limited power and we need a priority of who we would sell it to I mean certain industries, you see what I mean because we are limited because it is a City utility or Public Power Authority then everybody would say they are entitled to it.

Mr. Brindak: We are not really limited only by using landfill gas but you can also fuel the generators with natural gas. If the natural gas is available in the area you could put in an additional generators.

Mr. Fusco: At this juncture we may have more people wanting to use our services than we have enough to go around so that some type of protocol be established as you have priority. I know the City Manager's concept was to make this a device that entices people to develop in our Technology Park so that would be high on priority. We have a baseball stadium, hockey rink, a pool and a school and a recreation field very close to the area. I would think those would be high on the priority list. Things like that but what Nancy is saying makes perfect sense, until we are up and running we are going to have more people at our doorstep with their hands outs I would suspect than we may have energy for so we are going to have to come up with some type of criteria to decide who gets priority and that is a good point.

Mr. Zach: This committee is going to stand as long as we are in business, basically what this committee is going to do is to make the choices and recommend back to the agency and we have to pick and choose but basically I think priority what we are looking at right now if the Pellet

Factory comes in they are basically going to take that whole megawatt and there may be enough left over maybe to do Falcon Park also.

Mr. Montone: Natural gas cost is down considerably right now and if we were to lock in a rate with some ESCO so much a decatherm and do an amendment to the ESA with Central Hudson where they would provide that other megawatt of power although the digester is not built yet, then we would have a total of three (3) megawatts and the existing people that are at Tech Park, one of the problems we are going to run into is when they say they are going to start taking power from the Power Agency NYSEG is going to raises its' head up and say wait a minute you can't do that, we are going to try to go after you for an exist fee and all that. NYSEG doesn't have the right to do that where National Grid does, use them as an example and try to create a problem here. Priority wise I think economic development would be fist and do what Andy was saying and then offer whatever we have. We have to decide that ourselves, we have to make that recommendation how to do it, that is important. You have somebody that is going to bring twenty-five (25) jobs to the area or fifty (50) jobs in a brand new facility I think it would be good to offer that low cost power to them as opposed to McQuay, which is exiting, and maybe eventually we can help them with heat or whatever. It is against Public Service Commission rules to have two (2) service entrances into a building from two (2) different facilities because there are two (2) different generations because of the fire situation.

Mr. Hussey: Just for our protection if that the stated intention of the authority for new economic development we should have that in writing just for our protection

Mr. Zach: According to the by-laws I can appoint a chairman which obviously would have to be John, I asked Vicky already, she is our agency's executive director and put staff on it, I have asked Bill from council. I would like to look for volunteers to go along with it.

Mr. Rybarczyk: I will help.

Ms. Hussey: I will help too.

Mr. Zach: I will probably go to what meetings I can just so I know what is going on, but I just as soon not be on the committee.

Mr. Montone: First will probably be a conference call with Derek.

Mr. Zach: Basically where you are going to be at is dealing with it and reporting back to the agency where we are at, where it is going and that sort of thing, ok.

Mr. Montone: What I will do just send an email to everybody when we set up the conference call with Jeff Ginzer and Derek and he will explain more about it.

Mr. Zach: It is going to be more of that than you think that is going to take a little bit of doing but once it is in place it should be a pretty cut and dried procedure.

Mr. Montone: That is the first option, the other option is just register with the Public Service Commission and have tariffs but that could be a legal battle with NYSEG.

Mr. Zach: Next item on the agenda is what is the situation with the landfill mechanic position, do we have somebody getting on line.

Ms. Murphy: It is in the budget, they posted the test, and we did have two (2) people interested.

Ms. Selvek: I think two (2) were considered they were existing staff, one (1) actually interviewed and offered and then turned the position. We are going to try and create a Civil Service list and hire off the list, and the exam is in April.

Mr. Montone: Can't the City appoint someone provisionally?

Ms. Selvek: That is what they were trying to do and the two (2) people that they wanted to do that didn't want to do it.

Mr. Montone: Can it be advertised that way, provisionally until the Civil Service exam?

Ms. Selvek: They could, but this is whatever policy the Civil Service Commission wanted.

Mr. Montone: I would think you could give someone an opportunity to take the test.

Mr. Graney: Could I make a suggestion that we get Greenfield which is running the operation down there now, put a proposal together for one of those people to operation this thing until we find out what is going on because this is critical for the operation.

Ms. Selvek: The exam isn't until April, the list is established that will probably take six (6) weeks from the State to come in and now we are at the end of May, may not be able to hire anyone until July.

Mr. Graney: Mark Storrs is good, but he is one guy, he can't be everywhere.

Ms. Selvek: The over time is killing the budget.

Mr. Zach: You are talking about putting someone on from Greenfield; it is almost a daily thing with those wells isn't it?

Mr. Montone: Yes. Can we hire them under a contract basis?

Mr. Graney: Until we get somebody in place, somebody is going to have to be trained on this.

Ms. Selvek: I am also wondering if the Union is going to file a grievance.

Mr. Montone: The position is created.

Ms. Selvek: The position is created it is in the budget so they can file a grievance.

Mr. Montone: Why would they file a grievance, there is no one to fill the position. That is interesting but I think like Bill said at least attempt to get somebody because somebody has got to take care of this.

Mr. Zach: If we have to pay people to fill in during the interim would be nice to get somebody on board before the position is actually filled so we are getting some training, would be nice to have somebody at least applying for the job or whatever, we have to figure that out ASAP, can't dump someone in the position, has to be trained.

Mr. Montone: It is critical because we are obligated to provide that methane gas otherwise we are in violation of the energy service agreement, it will hurt us in the long run because we are not producing power.

Ms. Selvek: Hire a person until the list is established and at that point if they are not on the list you know.

Mr. Zach: Put in motion form that we approach them to see if they will propose a contract Bill?

Mr. Fusco: Christina is correct we could do provisionally hire and that can create problems down the road for the person, doesn't do well on the test and Christina is also right that the Union could grieve the creation of the position that has not been filled no different than the position that is pre-existed somebody retires and then management does not fill the position as a way to save money, same theory of law, but they would rather do the former than the later for obvious reason because if they do the later they are usually helping an existing dues paying member and if the former they may not be. Those are pluses and minuses, authorizing or recommending to Council somebody be appointed ASAP who may not provisionally be qualified is a down side and doing nothing is a down side. I will leave to your discretion what to do.

Mr. Rybarczyk: Why didn't somebody make a suggestion to Corporation Counsel

Mr. Fusco: When is Mark retiring?

Ms. Selvek: A couple years

Mr. Montone: Not a matter of retiring

Mr. Graney: He is over worked; this is critical to the operation of the facility.

Mr. Zach: Somebody has got to be doing it, we can't just leave it open ended.

Mr. Montone: Can I make a suggestion, why don't we talk to Gary Craig, just to get some idea what it would cost.

Mr. Graney: Could Council un-fund the position?

Mr. Zach: All we can do is submit it to Council for a vote.

Mr. Montone: What do you mean Bill?

Ms. Hussey: You are suggesting a budget amendment.

Mr. Graney: Yes.

Ms. Hussey: Eliminating the position, hire somebody provisionally and reinstate that line item budget item after the test comes back. How can you hold a test for a position that doesn't exist?

Ms. Selvek: I wonder if the provisional hire would be easier but then you run the risk that person doesn't pass the test and you have spent the time training someone and then they are gone but at least someone would have been on the job.

Mr. Montone: What if you have three (3) people?

Ms. Selvek: I wonder if we can hire a consultant in the meantime under professional services doing those duties that is what I am worried about the Union but we already offered it to two (2) existing employees and they turned the position down then there shouldn't be any grounds for a grievance.

Mr. Montone: Who is head of the Union now?

Ms. Selvek: That Union would be Lepak.

Mr. Fusco: Maybe approach him and see what he suggests.

Mr. Zach: Don't you think we should still approach Greenfield for a contract prices? Is Mark Storrs capable of training this person or do we need Greenfield to be involved in this?

Ms. Selvek: No, Mark knows what is involved he has been doing it.

Mr. Brindak: I have a suggestion I know at Seneca Meadows they have co-op mechanical engineering students from RIT and maybe elsewhere performing tasks like that on the landfill gas. I was a co-op student myself, these people are well trained, they have ones probably working, I don't know how many they have at Seneca Meadows but they do have co-op students there, in fact the gentleman running it is from Auburn and I think he was a co-op student and worked his way up. It might be a good way of solving this problem if his primary duty is gas collecting

Ms. Selvek: That may be a good way to hire provisionally, should we call over there?

Mr. Graney: That is run by his engineering department, the engineers actually oversee that operation, should we look at our engineering department?

Ms. Selvek: There is nobody up there to do it.

Mr. Brindak: Are you saying the Auburn Engineering Department should have a co-op student assigned to them?

Mr. Graney: No, I am saying Seneca Meadows their engineering department oversees the gas wells.

Mr. Brindak: Maybe the Auburn Engineering Department could hire some co-op students.

Ms. Selvek: The funding is through the DPW, it is in their budget line the money is allocated in their budget line for this position so the matter is how can we get it filled. We have to go through Civil Service because this is a Civil Service position; they file for a test for the position.

Mr. Zach: Why don't we leave it that Andy checks with the Union, we can check with Greenfield too and maybe Vicky can make a recommendation on the best way to fill it if Mark is capable of taking care of it right now because we go into commercial operation here in a couple weeks by the end of the month, we have some responsibility on our hands here.

Mr. Graney: The gas has to be at least 50% and as they start drawing out of those hills it has to be done every day. This operation is going to run 24/7.

Mr. Montone: At least 50%, it is somewhere around 47%.

Mr. Graney; The lowest they can run is 45%.

Mr. Zach: Speaking of that, we are stuck for the gas on the start up until they can get the commercial operation, I looked at the agreement so we are basically responsible for methane or natural gas until they

Mr. Montone: We are using methane right now.

Mr. Zach: Strictly methane, good.

Mr. Graney: Andy can you talk with Jerry?

Ms. Selvek: It would make more sense in the next budget year to have it under the Wastewater Plant.

Mr. Zach: Andy get back to Vicky or me.

Mr. Fusco: I will get to it tomorrow.

Mr. Zach: When is the test?

Ms. Selvek: In April, then it will be at least six (6) weeks before we get the results, a list will be established and then the City can start calling the people on the list and it will be July by the time someone is hired.

Mr. Zach: Next item, carbon credits, obviously we haven't had time to do anything if you look at the list that we have here, there are a bunch of them. Nancy and I scheduled a meeting for Wednesday and I don't know if we are going to be ready for that, you have copies for us?

Ms. Selvek: Yes. As you know from Andy's RFP that he wrote we got a number of responses. There has been a committee set up to review those, Vicky is going to head that up and do a meeting probably next week and hopefully have some recommendations for the agency at the next meeting.

Mr. Zach: My question is do we still want to meet on Wednesday? I think it is going to take a little looking.

Mr. Fusco: We have twelve (12) new ones in addition to the two (2) that we had previously. It is going to take a while for Nancy, Vicky, Christina and Denny who are going to go through these. I have had an opportunity very quickly to look at some of them today and I talked to all of the respondents during the last four (4) weeks. They are all over the place. Some specifically address the terms of the RFP others are creative in other factors so there is going to be something for you all to go through and figure out what you want to do and how to narrow the field down perhaps the semi-finalists

Mr. Montone: One thing I want to say is you wait too long because this has a lot to do with the Purchase Power Agreement, some of them are offering RECs

Mr. Fusco: Some only bid on RECs some that bid on carbon credits if they are listed on different registry that I ever heard about. Like I said there are some work there. I agree with John however that time is of the essence if for not other reason that the markets are very volatile, may be up today and down tomorrow. Getting an attractive proposed to stick to the promises that he or she made today may in May could be difficult, so there is a certain degree of urgency in going through all that material and to figure out what you all want to do.

Mr. Brindak: I have a suggestion, I am not sure if everyone is familiar with LMOP I am sure you have heard of this before it is called Landfill Methane Outreach Program, a Federally sponsored organization of

landfills and methane producers who share ideas. Now at the most recent LMOP national meeting in Maryland this past January a gentleman called Chris Godlove who is the LMOP territory manager which encompasses this area of New York, New Jersey, New England, he gave a paper which was entitled “Making Carbon Credits Work for your Landfill”. I recommend that he be invited to address our committee and talk to him about the possibility of reviewing the twelve (12) or so proposals we now have. He doesn’t have an ax to grind, he is not trying to sell anything, he is there specifically to provide information to municipalities like Auburn. The Mayor had recently joined and if you google LMOP you can read the presentation that was presented, but I strongly suggest that we utilize this type of a person or his contacts with the LMOP group which would be a good source of information.

Mr. Fusco: I agree with that wholeheartedly, the reason I think that we got so many responses this time is because of LMOP. The Mayor posted this RFP on LMOP in December and as you can see we have a whole box of materials it worked and I don’t know who the Mayor exactly spoke to

Mr. Brindak: It was Chris Godlove, because he is the person to contact because he is responsible for our area.

Mr. Fusco: Great idea, we wouldn’t be nearly as far as we are right now without LMOP.

Mr. Brindak: I know it took me hours to acquaint myself and then I was so confused after spending many hours trying to bone up on carbon credits and RECs because they don’t know themselves, they don’t want to enter into a long time agreement because they don’t know whether it is going to be regulated or unregulated market.

Mr. Fusco: And that is something I found frustrating about doing this the last two and half (2 ½) months, you go to law school you learn what the rules are, you don’t change the rules unless they tell you ahead of time and they don’t change the rules that often. The rules and the carbon credit registries change all the time, don’t call them rules, call them protocols and they just change them for the sake of change, it is all voluntary, it is all people making up rules as they go along and for someone in my position I find that equally frustrating.

Mr. Zach: I saw the email; we belong to the LMOP, would he come here, would that be a cost to the City to have him do it?

Mr. Brindak: I think he should be talked to, I mean, this gentleman presented a paper on exactly what we are trying to do. The least he can do is educate us, give us direction or better still he could recommend someone who doesn't have an ax to grind and help us make a decision.

Ms. Selvek: Are you proposing to ask him to review all of the twelve (12) or thirteen (13) proposals and then maybe come talk to us at that point after having reviewed the proposals?

Mr. Brindak: I think we should talk to him.

Mr. Fusco: He is telling the committee, Denny, Christina, and whom ever is going to be on it the committee, be sure to call this guy.

Mr. Brindak: Use him as a reference.

Mr. Zach: Even if we just end up with a conference call to just ask questions.

Mr. Montone: Where is he located?

Mr. Brindak: New York City I believe, there is contact information on the letter.

Ms. Selvek: It says Washington.

Mr. Montone: Christina did you what I sent you on NYSERDA on the RECs that the application is due tomorrow, an application that says you are interested NYSERDA will bid on our RECs, we bid into their market. We have so many RECs they will come back with a price and buy our RECs . The actual application isn't due until sometime in March.

Ms. Selvek: (Could not hear)

Mr. Montone: Depends on the way that grant money that we received from NYSERDA went down, probably talk to can't think of is

name right now from NYSERDA, one of your main contacts just because they gave us some grants doesn't mean they still can't submit.

Ms. Selvek: How we use the funding and the problem is we are using the funding for the landfill gas, it is eligible for RECs as far as the actual original landfill gas extraction project then I think they don't have any problem with us buying those credits.

Mr. Montone: We are purchasing the power, like we committed the grant to Central Hudson for \$1.9 of whatever the amount, but we loan it to them if you will, we are producing the methane for them to generate renewable costs, I would try any way, that market is there, NYSERDA does have that market. You may want to make a phone call, I don't think it is a big application.

Mr. Zach: Do we have a motion on the floor that we contact LMOP and ask for some advice? Motion made by Mr. Brindak seconded by Mr. Graney and all in favor. None opposed.

Ms. Hussey: Who is going to contact them?

Mr. Brindak: The Mayor was the initial contact, we went through him to join LMOT.

Ms. Hussey: So he should be the one.

Mr. Zach: I have to get together with him shortly, get the contract information, Vicky is the director so we can let her make the contact, how is that?

Mr. Brindak: I have contact information at home, if you just google LMOT he comes right up.

Mr. Graney: If everyone is googling, google Cap and Trade, a lot of sites come up.

Mr. Brindak: If you google LMOT he will appear because they list every regional manager and also the head of LMOT. It is a Federal funded organization specifically to help municipalities, I think we fit.

Mr. Zach: There is an email on it, I can send it to everybody. On the carbon credits, Vicky, Nancy do we still want to have a preliminary meeting on Wednesday at 1:00 p.m. like we planned?

Ms. Hussey: I can tell you I am not going to get through that in a day, I can also suggest that since we agreed to get in touch with LMOP that we should probably get in touch them sooner and he can help us list some criteria that we would want to look for in these proposals. I think for efficiency sake if we go through these proposals and we don't know what we are trying to sort out, I don't think we are going to accomplish anything.

Ms. Selvek: We need a checklist.

Ms. Hussey: Look to him for that.

Mr. Brindak: For guidance. Maybe he would be the selection or point us in the direction of someone who is knowledgeable and doesn't belong to any particular company.

Mr. Hussey: I think it should be accomplished with thirty (30) days.

Mr. Montone: Are the proposals electronic?

Mr. Fusco: Yes they are.

Mr. Montone: So if we make contact with him we might be able to get them down to him.

Mr. Fusco: There are four (4) of each proposal, we could FedEx them a copy of each. Probably a good idea to listen to what he has to say in listening to the proposers themselves they all warn me about look out for that guy, or look out for that clause and that may just be a bidding technique but there is a method to what we should be looking for, I think Nick is 100% right.

Mr. Brindak: We are talking a lot of money, he may point it to someone else similar, a municipality that had a similar problem and possibly hired someone a professional engineer or whatever that has done this already for other municipality maybe he knows of that.

Ms. Selvek: Didn't Steuben County just go through this?

Mr. Montone: Yes, I can talk with Tim but also the City of Albany used a company called Four Star, they have seven (7) megawatts and they are selling carbon credits and RECs, because I just bid on them seven (7) megawatts for Solvay. They kept the carbon credits impacted in the rate, I will check with them.

Mr. Zach: Vicky will you get the information and make contact and see what they have to offer and maybe we can meet and get some advice, probably will have to have Andy involved before it is all over. Ok, then we will set another meeting.

Next item is status report on the Canadian Turbine contract. Richard Kuiper was in town last Thursday securing legal support and I guess we are all set with he is going to deal with Derek Tyson and finalize what has to be finalized. They actually already made commitment on equipment and stuff already so it is a go on their end, they have actually ordered generators and the whole works they are up and going just a matter now I guess I don't know how far they are with the legal contract negotiations are but hopefully because he has a time frame to start the Mill Street soon after the weather breaks. There is a buy out clause in this contract right if down the road we wanted to?

Mr. Fusco: Well that is something that has been talked about that contract doesn't exist but if that is something the committee wishes to see in a contract we can put it there, negotiate a price.

Mr. Zach: Very similar with what we have with Central Hudson, down the road, the bond is there if we have the money why take 20% when you can get 100%? Just an option you know.

Ms. Selvek: This is much more straight forward, this is a simple lease agreement not even like a Purchase Power, an energy, I don't even know what you would call it John, we are purchasing power from them.

Mr. Zach: I thought we agreed once any energy projects that we brought in that we would have a buy out clause in there if we wanted to

exercise the option down the road we could put a term on it like three (3) years or something.

Mr. Fusco: It would not if it was not an element of the RFP.

Mr. Rybarczyk: We discussed it about all the projects.

Mr. Zach: You have to guarantee them a number of points for their profit and investment but at the same time I think we should maintain we all agreed that once before that a buy out option

Mr. Montone: I think you put in the terms of right of first refusal with their contract.

Mr. Zach: Mark not is here but we have to do something about a budget for the coming year. So what do we do get together

Ms. Selvek: If the agency wants to pursue certain projects during the next coming year like pay some consulting fees for carbon credits, some other projects that might be coming, we would need a proposal before Council for basically some type of budget for 2010-11 year. It probably would be a good idea to have a small committee to actually talk about what are the priorities of the agency are obviously the digester should be one, anything associated with getting the hydro up and running, financing of carbon credits, those are three (3) good projects right there.

Mr. Zach: We are probably going to have some moneys involved in the heat sale contracts and stuff too but I need to meet with Mark and find out what we want to take out of this budget.

Ms. Selvek: In the past we have had between \$30,000 and \$40,000 to work with each year.

Mr. Zach: Once the plant is up and running in the hydro fund is there a certain amount going to be set in the agency budget or the agency will have access to that hydro fund?

Ms. Selvek: If the agency wants to use that money, we will have to go to Council and ask them for approval to use that money for any projects.

Mr. Montone: In the Local Law it specifically states that you can set a fund and Lisa will obviously oversee the funds, so any moneys coming from any revenue source that had to do with utilities would go into that fund.

Ms. Selvek: I will look into that.

Mr. Zach: We will have to have a meeting with Mark and probably the Mayor make a recommendation to send to Council basically figuring out what kind of money we are going to need and what is going to come out of the budget for the year, our Executive Director for one I am perfectly willing and you and Mark do we need somebody else? At least a preliminary meeting I would think. Pretty much it is going to end up being what you and Mark tell us anyway.

Mr. Selvek: In the past have you had to make a formal presentation to Council during the budget process?

Mr. Montone: This was the very first time.

Mr. Zach: Would you get a hold of Mark and set up a date for myself, Vicky, John you have a better idea what kind of money things are going to cost anyway, Christina has to find out the information on some of stuff that is going to be upcoming with the heat contract and stuff too, ok?

Ms. Selvek: Yes.

Mr. Zach: Get back to us and let us know when he can meet.

Ms. Selvek: Yes.

Mr. Zach: Gilda we have you on for the 17th.

Ms. Brower: Actually we moved it to the 24th a Wednesday, it is two weeks from this Wednesday.

Mr. Zach: 6:00 p.m.?

Ms. Brower: Yes, at the Auburn Public Theatre.

Mr. Zach: And that is going to be open to the public?

Ms. Brower: Yes. Would like to consult with you for a few minutes. Kind of need to apologize because I have been out there swinging in the breeze with the digester and this is your area and in looking and identifying areas of possible resources and revenues to offset the new bills that are arising the digester, we are going to have a series of four (4) meetings and each one will be focused on a topic. Council and Mayor asked each of you to come and Mike Talbot just to bring us all together just to inform us about it. From the moment the digester came up in looking at it I called a company because two (2) years ago when I was first elected I was googling digesters to inform myself. I have been speaking with Mel Krish just recently and he said and I don't understand it that public municipalities cannot access stimulus funding for utilities for public utilities. He also said that and I don't know, I mentioned it to Mark as well and he said if the company could do the permitting as soon as possible and certainly within 2010 stimulus grants would be available to the company. But it is permitting to start soon than he could have the digester running for us in the summer.

Mr. Montone: They bid on that originally.

Ms. Brower: Yes, I did know that, originally I was surprised that they knew everything about Auburn.

Mr. Montone: They were the highest if I remember.

Ms. Brower: So at that Wednesday night meeting what could we do really get something out of it. I don't want to be spinning wheels and using up time and I want to be able to get Council to get on board. (turned over tap missed some of what Ms. Brower was saying)

Mr. Montone: The only difference there would be that they put out the money and then had to work on some kind of agreement. If we were to bond for clean renewable energy bonds we would own the project, we could still produce the methane and still have the energy service agreement in place with CH we would just be bringing the methane over there. We would be the ones to operate it any way; the City people would operate that. The reason why we did this with Central Hudson is because we didn't have the ability to bond for the project.

Ms. Brower: I think there is some resistance to bonding for the whole amount any way.

Mr. Montone: I am sure maybe but you can say well \$5 million dollars is an awful lot of money but your pay back period could be within a certain period of time and again those are the things that you need to look at not just the bottom line figure. I think the Power Authority is going to have a study done for us by that date and I don't know if David responded back to you?

Ms. Selvek: No haven't heard back from him.

Mr. Montone: Maybe he would do some presentation because the Power Authority will also finance this for us as we get done with the \$4 million dollar right here on our energy conservation project including geothermal. If they think this project is a good project and will create a revenue for the City they will offer to finance at a very low interest rate basically a loan, bonding to make payment back to them.

Ms. Brower: Is there any chance asking this gentleman to come to this Wednesday night meeting, do you feel that would be a valuable use of your time as well?

Mr. Montone: I don't know if we have the power point from ECOTS about the digester, I doubt it, I don't know if I have it. You could take portions of that out of there and have a power point. It does show some of the benefits to the City, shows what the digester looks like and shows the difference in funding comparing to outright doing it yourself.

Mr. Rybarczyk: It is amazing because we almost had the ability to take the CH project over and the savings would have been millions.

Mr. Montone: \$3 million dollars is what the figures came to would have been coming in on an annual basis, but we didn't do it.

Mr. Rybarczyk: We didn't have the ability to bond.

Mr. Brindak: You say the State was approached on taking over the project?

Mr. Rybarczyk: No we almost took over the CH Auburn project at one time but we had a cap at that time, we would have made about \$3 million dollars.

Mr. Zach: Back to the meeting, actually in all honesty probably short fall of this agency and maybe even the Council the fact that information hasn't been out there for the public what is going on. A good share of the engineering except for the digester has already been done, it is not that the agency has forgotten about it for a minute, just a matter of staging, time and funding and this meeting will be good and I think it is a good idea. If you want the public there, get some advertising in the paper to let them know.

Ms. Brower: Actually notices are going to be approved however for us I think it is really an opportunity to get the key players together so that we can get behind it. I am already feeling more behind it as we talk about it. The other thing that was offered was Quazar offered to have a go to meeting if we wanted to ask questions about having a private commercial company to it, what kind of terms and not I don't want to jeopardize their ability to bid on it but I kind of thought it might be an interesting I don't know if you want to do that. Also do we want to try to have the gentleman about the carbon credits the same night, is that too much?

Mr. Montone: It depends on how long you want to meet.

Ms. Brower: I think we should start at 6:00 p.m. but not necessarily put a cap on it shouldn't be too long but we don't want to go to all that trouble and then not have enough time.

Mr. Rybarczyk: You have an hour just on the presentation on the digester and afterwards you have questions and answers.

Mr. Zach: It might be tough to get them both in but you probably could come in and explain what carbon credits are and also the pay back to the generation for the project in the first place. Roughly can come up with a if you are generating a megawatt you can pretty much from that figure out what the carbon credit generates. If you are going to do a power point presentation

Mr. Montone: The power point that we are talking about has been submitted to the City so it is public record there is no reason why we can't

Ms. Selvek: I was hoping that Dave would create a new one.

Ms. Brower: The Auburn Public Theatre has the ability to do go to meetings and we could sit in the movie theatre and talk back and forth. If there is anything else that I can do.

Mr. Montone: The power point will take most of the night. That has some good information.

Mr. Brindak: Along these lines I had kind of a wild idea I will try it out for what it is worth. In reading the LMOT proceedings in there they had an article about Jefferson City, Missouri who featuring a 3.2-megawatt project between the City and State prison. Now this was actually lauded by Secretary Tim Dyker, Treasury Secretary and Energy Secretary Chow featured the project at a White House meeting starting his contribution to job creation and expanding the developing of clean renewable energy. Essentially hot water and power generator was sent several miles to two (2) State prisons got me thinking

Mr. Montone: You are not the first to think about that.

Mr. Brindak: It is for me but I got to thinking about it and I said similarity of the size of the project, we have a State prison in our City. I have worked in a power plant so they must have a good size power plant whether they generate their own power or not I don't know, but just the fuel they are using now if this project if they can send high temperature hot water or whatever they send a couple miles to the prison we can send that right along the outlet, we have the right of way. If a Nozzolio or someone could be talked to who was on State prison committee, I would be willing to bet that there is a win-win situation for Auburn and New York State. New York State has money available for such projects. Now do you think they would go for \$5 or \$6 million for a digester where they could save an awful lot of money at the State prison if we sent power to them and/or steam?

The other thing I thought of is right across the street there is hydropower, what would the cost be to put hydropower across the street on Washington Street right to the prison? Now is my thinking correct but if you have a

direct line like you are going to take State Dam power and bring to the Water Filtration Plant, you don't have to go through NYSEG correct, it is a direct line so I am thinking why are we talking to NYSEG when we could be doing something else with this power. We can circumvent them. Power to the Waste Treatment Plant, power to the Water Filtration Plant, power to the State all direct lines. I think it is a win-win situation, I think that New York State might be willing to give us money for a digester a hell of a lot easier if they are going to benefit by it.

Mr. Montone: The direct connect you are talking about we have been trying to do for a long, long time, that is the reason why we built that line down there on Allen Street, we are going to continue it over to Casey Park and those areas. Our Water Treatment Plant the State Dam will have a hydro eventually in it and have a line across the street to that. Talked with the people at the prison about two (2) years or more, they have their own self-generation there.

Mr. Brindak: They have their own?

Mr. Montone: Yes self-generation. The hydro at the Dunn & McCarthy site could be taken right up there.

Mr. Brindak: That can have that steam generation mothballed and sitting there and because of the fuel costs must be I don't think there is a railroad sighting they are not burning coal I don't think so if they are not using pulverized coal then they must be using gas or oil and the cost is pretty good. If they can save that plus they have a man they must have several people working in the power plant running the generators and boilers and so forth. I would be willing to talk to Nozzolio I think I could sell him, I think it is a win-win situation.

Mr. Zach: Good location, you have the Dunn & McCarthy site close and they have looked at some energy things, I think they are doing micro-turbines on some of the boilers to re-coop what energy they can in house already. Somebody may have thought of this before.

Mr. Montone: We have talked about it many times. Talked about utilizing the Owasco Outlet to run lines from Mill Street to this building to power this building.

Mr. Brindak: Or from the Waste Treatment Plant north and high temperature hot water I don't know what the temperature is or whether it is low pressure steam or high temperature hot water but if they can pump it in Missouri a couple miles we sure as hell should be able to do it.

Mr. Zach: Need to move on, we are way over our hour. John do you have an update on CCPUSA?

Mr. Montone: CCPUSA is the Cayuga County Public Utility. Speaking of Nozzolio we met with Nozzolio about two (2) weeks ago and we presented a project to him that is going to be a twenty (20) something mile pipeline coming from O'Hara farms eventually going to the south, there are twelve (12) or fourteen (14) farms that are involved that are going to have their own digester on their farm. Pipeline will take the methane bring it up to the IDA site right there near BOCES and put the generators systems in there, it will be 10 – 15 – or 20 megawatts. We will be able to have that building bring that power into the City too. Nozzolio is very very excited about it. Thing is we need commitments from the farmers. The farmers came to us they have an entity set up Doug Young is involved in it. We would be the producer of the power down at that site waiting to offer it to economic development that is a lot of power. This is pretty close to coming a reality if we get the commitments from all the farmers that is the trick here. Are they going to spend money and put in a digester, Patterson has already done it, O'Hara going to be doing it, Young is going to do it, the Willet people are doing it, would power their farms and the methane would come to us in the pipeline along the road. The first part is two (2) miles and we will be able to provide power to the IDA site and Home Depot and whoever wants it. This agency should be working with them at some point because it is at the end of the City and we will be able to bring it right in. It is a good thing because it is environmentally sound all the problems we are talking about with Owasco Lake and Cayuga Lake run off all involved in it. The environmental people will be on board, it will be a good project.

Mr. Zach: We have talked about it before but they finally got their committee set up and in place and we are probably going start doing a few meetings back and forth because I think between the two of us this project is going to go out and look for funding, political support and every body has to be involved in it. The City on board with the County it is a no brainer. If that gas line went through this would be the largest sustainable community in the world that is how big it is. Raymond has a digester on

line right now working it flaring gas off generating 3.2 megawatts one farm, that is bigger than both our projects down here combined and they can only sell 500 kw.

Met with the Mayor the other day and I hope everybody has a copy of the by-laws. It would be a good idea to read them and now that things are going to have to happen we are going to have to look at our duties and responsibilities and step up and hit a couple curve balls here, we will probably have to have a few special meetings in between. We are scheduled for the rest of the year, the second Monday of the month, in the third floor training room.

One thing I do want to bring up would the agency being in place the way it is and the way laws is written for information purposes so everybody is on board. If something comes up, please bring it to the agency so we feed it all the way down the line to Council so all the information is all in a row and everybody knows what is going on.

Motion to adjourn made by Luke Rybarczyk and seconded by John Montone. Meeting adjourned at 5:30 p.m.