

NEW YORK STATE ENERGY RESEARCH AND DEVELOPMENT AUTHORITY

Minutes of the 202nd Meeting Held on January 25, 2010

Pursuant to a notice and agenda, dated January 14, 2010, a Regular Meeting (the 202nd meeting) of the New York State Energy Research and Development Authority ("Authority") was convened on January 25, 2010, at 11:30 a.m. in the Authority's Albany Office at 17 Columbia Circle, Albany, New York; by video conference in the Authority's New York City Office at 485 Seventh Avenue, 10th floor, New York, New York; by video conference in the Authority's Buffalo Office at 726 Exchange Street, Suite 821, Buffalo, New York; and by webcast.

The following Members of the Authority were present in Albany unless otherwise indicated:

Vincent A. DeIorio, Esq., Chair

George F. Akel, Jr.

Kevin Burke

Garry A. Brown

Robert B. Catell

David D. Elliman

Jay L. Gottlieb (via videoconference from New York City)

Members Gee, Grannis, Kelly, Thorndike, and Townsend did not attend.

Also present were Francis J. Murray, President and CEO; Robert G. Callender, Vice President for Programs; Jeffrey J. Pitkin, Treasurer; Hal Brodie, Esq., General Counsel and Secretary; and various staff of the Authority.

The Chair called the meeting to order and noted the presence of a quorum. He stated that the meeting notice and agenda were mailed to the Members and press on January 14, 2010, and directed that a copy be annexed to the minutes.

Before beginning the formal agenda, the Chair asked the Authority's President and CEO, Francis J. Murray, to address the Members. Mr. Murray discussed recent Authority activities. Under the Renewable Portfolio Standard ("RPS"), ten new contracts, totaling \$96 million, were recently awarded, and the Public Service Commission ("PSC") has approved an additional \$200 million for main tier projects. Also approved by the PSC is \$2 million a month for the photovoltaic ("PV") customer-sited tier program, with the understanding that this constitutes an interim extension while related program issues are being analyzed.

With respect to the American Recovery and Reinvestment Act ("ARRA"), \$25 million in funding has been approved for municipalities, universities, not-for-profit organizations, schools, and hospitals. A second solicitation resulted in the receipt of over 300 applications, which staff is currently reviewing. In addition, \$10 million in ARRA funding is being provided to five companies to promote PV installations.

A revised Regional Greenhouse Gas Initiative ("RGGI") operating plan is under development and, in the meantime, the Authority is moving forward with expenditures for selected programs. Progress under the Green Jobs - Green New York Act of 2009 ("Green Jobs - Green New York") continues, including efforts to facilitate municipal sustainable loans. In addition, by Executive Order, Governor Paterson created a Climate Action Council to provide guidance on achieving an 80% reduction in carbon dioxide emissions by 2050. Janet Joseph will co-chair a panel that will advise the Council.

Mr. Murray concluded his presentation by stating that the Authority recently received \$1.6 million from the Long Island Power Authority ("LIPA") in support of the Authority's research and development program, and that a similar contribution is expected from the New York Power Authority ("NYPA").

The Chair then said that the first item on the agenda was a report on the Authority's proposed Fiscal Year 2010-11 Budget ("Budget"). The Chair asked Mr. Akel, Chair of the Program Planning Committee ("PPC"), to summarize discussions on the portion of the proposed Budget relating to programs that the PPC oversees. Mr. Akel explained that the PPC heard a

report from Treasurer Jeffrey J. Pitkin. Some highlights from that report include that revenues are budgeted at \$671.7 million, an increase of \$10.4 million (1.6%) over the current budget of \$661.4 million. Proposed expenditures total \$688.8 million, an increase of \$107.7 million, or 18.5%, over the current budget of \$581.2 million. The reason for these differences in revenues and expenditures is largely due to timing differences between the collection of funds to administer programs and the expenditure of such funds.

With respect to the **New York Energy \$martSM** program, which is funded through the System Benefits Charge (“SBC”), the proposed Budget shows revenues of \$174.5 million. The proposed Budget also includes additional funding expected to be received under various other PSC Orders such as the Energy Efficiency Portfolio Standard (“EEPS”) proceeding, with a total of \$113.184 million being received during FY 2010-11 for that program. It is anticipated that some additional funding will be provided through further Orders of the PSC in the EEPS proceeding and will result in budget amendments being presented at later meetings.

The RPS program is budgeted for \$106.3 million. The PSC met recently and approved additional funding for the program, but the specifics on additional revenue collections have not yet been finalized.

There is \$112.6 million in revenues proposed for the RGGI program. This assumes that 60.5 million New York allowances will be sold during FY 2010-11, at an overall average clearing price of \$1.86 per allowance, the minimum reserve price established in program regulations. The RGGI Early Action Plan approved by the Board in January 2009 has been on hold, due to litigation. The lawsuit is expected to be resolved soon and then expenditures will increase. Through the December 2009 auction, the Authority has received a total of \$180.7 million from the sale of allowances. In October 2009, the Legislature passed a law directing the Authority to spend \$112 million of those funds for the Green Jobs - Green New York program over the next three years.

With respect to RGGI, the Authority has also convened an advisory group of stakeholders to give advice on how best to use RGGI auction proceeds. Staff recently provided the advisory

group with a proposed funding plan, and the Members are expected to be provided with a revised operating plan soon.

This year's proposed budget for Green Jobs - Green New York is \$61.5 million. Funds will be used for workforce development and training, outreach and marketing, energy audits, and program financing.

In regard to staffing, the proposed Budget includes salary costs totaling \$28.2 million, an increase of \$3.6 million from the current year. The increase is due to the addition of 25.4 full-time equivalent employees, primarily for implementation of new and expanded RGGI-funded programs. The proposed Budget also includes State cost-of-living adjustments which may be authorized for New York State Management/Confidential employees effective April 1, 2010, and performance-based salary increases and lump sum payments. Although included in the Budget, these payments will only be made if the State provides similar payments.

Fringe benefit costs total \$13.5 million, an increase of \$2.3 million from the prior year. This increase is primarily due to the increase in budgeted staff, and an increase in projected pension contributions based on an estimate provided by the New York State Retirement System. The proposed Budget also includes \$3.7 million for post-employment health insurance benefits accrued under Governmental Accounting Standards Board Statement No. 45 ("GASB 45"); this also assumes that the Authority's annual contribution will be lower than prior years, due to the establishment of a segregated trust account. GASB 45 costs allocable to the SBC-funded programs have added about \$1 million to the Authority's SBC program administration costs, or about six tenths of one percent (.6%) of funding. This cost was not in place when the Authority agreed to an administration cost limit of 7% of total funding under SBC III, and the Authority is using its best efforts to absorb this additional cost without seeking an increase from the PSC.

In addition, pursuant to the Public Authorities Law, the Authority pays to the State two fees. The first annual fee covers the costs of general governmental services. It is allocated among program activities in proportion to each program's revenues. The proposed Budget includes \$6,850,000 for this payment based on the Authority's last payment in FY 2008-09 (FY

2009-10 has not yet been assessed). Since fiscal year 2004-05, the Authority has also been required to pay to the State general fund a second fee of up to \$913,000, annually, pursuant to Article VII budget bill language; this obligation is expected to continue and is included in the proposed Budget.

Lastly, the proposed Budget includes \$894,000 for capital assets, such as equipment replacements and upgrades, furniture, and vehicle replacements, and for improvements and infrastructure costs at the Saratoga Technology + Energy Park.

Mr. Akel concluded his presentation by stating that the PPC unanimously recommended that the Authority adopt the proposed Budget with respect to the programs under the PPC's review.

The Chair then said that Dr. Thorndike, Chair of the Waste and Facilities Management Committee ("W&FMC"), was unable to attend today's meeting, so he would report in her stead on the portion of the Budget considered by the W&FMC. The Chair began by explaining that Mr. Pitkin discussed the proposed Budget items relating to the West Valley Site Management Program ("WV Program"), and relating to radioactive waste policy and nuclear coordination activities. The proposed Budget for the WV Program totals \$19.2 million, compared to last year's \$13.5 million. The increase is primarily due to an increase in the State's share of costs associated with an increase in U. S. Department of Energy ("DOE") funding that was provided by ARRA for the West Valley Demonstration Project ("WV Project"). The proposed Budget also includes the State's share of costs for clean-up of certain portions of the site under the proposed Consent Decree approved by the Members in December 2009.

Specifically, the proposed WV Program includes \$14.7 million for the State's share of WV Project costs under the Cooperative Agreement and proposed Consent Decree, \$207,000 for environmental impact statement ("EIS") costs, and \$4.3 million for State Disposal Area ("SDA") maintenance and monitoring activities and other non-Project costs, including outside counsel support costs.

The proposed Energy Analysis Program includes funding to meet requirements under the State Low-Level Radioactive Waste Management Act of 1986 for collecting information and providing regular reports to the Governor and Legislature on low-level radioactive waste (“LLRW”) generation in the State. These activities are funded with a State appropriation of \$145,000 which accrues from an assessment on operating nuclear power plant licensees. This amount is unchanged.

Mr. DeIorio concluded this presentation by stating that the W&FMC unanimously recommended that the proposed Budget for the WV Program and radioactive waste policy and nuclear coordination activities be approved.

Whereafter, upon motion duly made and seconded, and by voice vote of the Members, except Mr. Brown, the following resolution was adopted. Mr. Brown abstained from voting on the Budget.

Resolution No. 1238

RESOLVED, that the proposed fiscal year 2010-11 Budget submitted to the Members for consideration at this meeting, with such non-material, editorial changes and supplementary schedules as the President and Chief Executive Officer, in his discretion, may deem necessary or appropriate, be and it hereby is approved for submission to the persons designated in Sections 1867(4) and 2801 of the Public Authorities Law.

The Chair then asked Mr. Akel to report on the remaining items discussed by the PPC. Mr. Akel explained that Vice President for Programs Robert G. Callender and various Authority Program Directors addressed the PPC. Mr. Callender provided a brief overview of the upcoming Strategic Program Plan process. The Authority will be seeking PPC involvement in the planning process at an earlier stage. Staff will be providing program evaluations and metrics data at the April 2010 PPC meeting, and this will then set the stage for discussion and mapping the next several year’s strategies, initiatives, and programs at the June 2010 PPC meeting.

Energy Analysis Director John Williams then outlined the components of the Strategic Program Plan. The Authority’s four primary goals are efficient use of energy Statewide, promotion of diverse renewable energy sources, development of a clean energy economy, and

fostering a clean environment. These goals build upon the key strategies detailed in the State Energy Plan. In meeting these goals, the 2010 Strategic Program Plan will include discussions on the energy, economic, and environmental landscape; the clean energy continuum; gaps and opportunities; and training and workforce development; among other topics.

Residential Efficiency and Affordability Program Director Karen Villeneuve reported that there is a new priority on residential energy efficiency. At the State level, weekly meetings among State agencies providing energy programs and services to the residential sector are being held to improve overall coordination and effectiveness of those programs and services. At the national level, the “Home Star” bill is being modeled after the Home Performance with ENERGY STAR[®] program - including the standards and processes developed for New York’s home performance program. Since there is no comprehensive roadmap that shows how the various residential improvement strategies fit together nor how all of the parts contribute to overall goals, the Authority will be inviting various State agencies and other stakeholders to participate in a process for developing a roadmap.

Michael Colgrove, Director of the New York City Office, reported that The City of New York is requiring all multifamily buildings in the city to benchmark their energy usage as well as conduct energy audits. To build on this requirement, the Authority’s New York City Office will be focusing on: (1) assisting the low income, multifamily building sector; (2) working with the U.S. Environmental Protection Agency’s Multifamily ENERGY STAR[®] Program to implement a new pilot program; and (3) collaborating with the U.S. Green Building Council as it explores whether it will certify existing buildings’ performance.

Janet Joseph, Director of the Clean Energy Research and Market Development program, then explained that the Authority will be pursuing its top priority of facilitating New York business’s efforts to develop and sell clean energy technology worldwide. Initiatives include: advancing clean energy incubators and regional technology clusters; establishing enhanced networks for clean energy investors and technology developers; leveraging Federal funds to establish an innovation hub in New York; building on the efforts of the NY-BEST consortium

and the NY Smart Grid Consortium; developing new renewable energy markets; and developing a long-term Climate Action Plan.

Peter Douglas, Director of the Energy Efficiency Research program, reported on the program's priorities in helping State businesses become more resilient to competition. Efforts will include assisting in the modernization of manufacturing processes; promoting technologies that further an industry's ability to improve product development and design innovation; and targeting the development and application of technologies for use in new buildings that produce significant load reductions, and increase the use of on-site and renewable energy resources.

Mr. Akel concluded his presentation by saying that Energy Efficiency Services Director Thomas Barone reported that mid-to-large commercial and industrial buildings have historically held the opportunity for large energy reductions at very low costs, and this is a first priority. In addition, a huge potential still exists in the transportation and industrial sectors where there is a significant opportunity for carbon reductions, and both areas will be targeted.

Next, the Chair reported on the remaining items discussed at the W&FMC meeting. The W&FMC received a status report from Director Paul Bembia on the WV Program. Efforts to repair damage at the site caused by erosion due to a storm in August 2009 continue. Staff has reported all of this damage to the State Emergency Management Office and the Federal Emergency Management Agency, and is seeking reimbursement under the Federal disaster declaration for as much of this work as possible.

In October 2009, 15 acres of West Valley land were transferred from DOE control to Authority control. This transfer was needed to establish an erosion control buffer zone around the SDA, as required by the New York State Department of Environmental Conservation-issued Radiation Control Permit.

A second land transfer under consideration is a release of 400 acres from the site-wide Nuclear Regulatory Commission ("NRC") License. This would allow the future sale or transfer of a portion of the Western New York Nuclear Service Center ("Center") for use by local

businesses or other entities. Staff discussed this possibility with the Ashford Town Board and the West Valley Citizen Task Force, and both groups supported release of the land. Staff is contacting NRC to get an estimate on the costs involved in effectuating the License Amendment.

Previously, the Members were advised that, since 1991, the Authority had been storing 8,000 gallons of contaminated water that had been pumped out of a disposal trench to reduce the possibility of a contaminated water release from the SDA. During November 2009, the leachate was removed and trucked to a facility in Tennessee for thermal treatment and disposal. The second phase of the work, which will occur in early 2010, will involve dismantling the empty tank and ancillary equipment for off-site treatment and disposal. Staff is currently working on the plans for completing Phase 2.

With respect to the Final EIS for Decommissioning and Long-Term Stewardship in connection with the WV Project and the Center, the Authority notified DOE that it concurs with the release of the Final EIS to the public. However, the Authority also advised that it continues to take issue with the technical analyses and these concerns will be presented in an Authority-prepared "Foreword," as was the case in the Draft EIS. The Authority's concerns will not impact the implementation of the preferred alternative - - phased decision-making. This preferred alternative allows work to progress in the next 8-10 years, during Phase 1, while DOE and the Authority conduct additional scientific studies to reduce uncertainties for the Phase 2 decision. The Final EIS is expected to be issued in January 2010 and DOE expects to issue its Record of Decision in March 2010. At that same time, the Authority will issue a State Environmental Quality Review Act Findings Statement to document its Phase 1 decision on the SDA and the remainder of the Center.

Although the citizen representative committee and environmental groups continue to disagree with the preferred alternative and want all contamination and facilities removed now, productive discussions continue among the Authority and representatives from these groups.

With respect to the 2011 Federal Budget for DOE's clean-up program, staff continues to monitor proposed Federal appropriations and will contact key members of New York's Congressional Delegation, if appropriate.

On issues relating to nuclear waste, on July 1, 2008, the only disposal facility that accepted Class B and C LLRW from New York generators, stopped accepting such waste. A new disposal facility in Texas is expected to begin operating by the end of 2010, and the Texas Compact Commission ("Compact") is currently looking at draft rules for importing out-of-Compact wastes, including waste from New York.

With respect to nuclear coordination activities, Entergy, the owner of the Indian Point Nuclear Power Plant, has submitted an application to renew its operating license with the NRC. In November 2009, the final Safety Evaluation Report concluded that there is nothing to preclude relicensing. Environmental issues related to relicensing are being addressed through an EIS process. The final EIS is expected to be issued in February 2010, and hearings will be held after issuance of the final EIS.

The Chair indicated that the next item on the agenda was a report from the Audit and Finance Committee ("A&FC"). Robert Catell, Chair of the A&FC, reported that the first item considered was the approval of an Investment Policy Statement for NYSERDA's Retiree Health Insurance Benefits Trust. New GASB 45 requires the Authority to recognize the costs of providing retiree health insurance during the period when the related employment services are rendered, on an accrual basis, rather than when the cost of the insurance premium is paid. The Authority retained a consultant, Milliman, Inc., to help in establishing a trust and developing a related Investment Policy Statement. To assist in this effort, Milliman prepared an asset allocation study to review alternative allocations among various types of investments. Three scenarios were considered: investments in fixed income government securities only; investments in fixed income and domestic equities; and investments in fixed income and domestic and foreign equities. Under each scenario, four options were presented with different asset class allocations.

Based upon review of the study, including the potential risks and returns, staff recommends that a broad and diversified approach be used. This would include investment in government and corporate fixed income securities and domestic equities; however, staff does not recommend investments in foreign equities given the higher levels of risks associated with those investments. The Investment Policy Statement provides a statement of objectives for trust investments, based upon this approach.

Through March 31, 2009, \$7,058,542 has been accrued for GASB 45 costs. An additional accrual of approximately \$3.5 million is expected to be recorded by the end of the 2009-10 Fiscal Year. Once established, the amounts accrued to date will be transferred to the trust. Given the relatively small size of the trust and in an effort to minimize transactions costs, investments will initially be limited to mutual funds and exchange-traded funds. The Investment Policy Statement would also place limitations on the concentration of investments in certain industries, with certain companies, and among asset classes.

The Investment Policy Statement sets forth the procedures for investment of trust assets. Milliman has been retained as a non-discretionary investment advisor to provide investment recommendations to the Plan Administrator, whom the Members are also being requested to appoint under another resolution.

The Investment Policy Statement requires monitoring of the trust's performance on a quarterly basis to ensure that objectives are being met; the results of the quarterly review will be given to the Plan Administrator and the members of the A&FC. An annual investment report will also be provided to both the A&FC and the Board and both will be asked to review the Investment Policy Statement, annually. In addition, the trust and its investments will be included in the annual audit of the Authority's financial statements.

The A&FC unanimously recommended approval of the Investment Policy Statement for NYSERDA's Retiree Health Insurance Benefits Trust.

In response to an inquiry by Mr. Burke, Mr. Pitkin responded that the State has not established a separate trust, but that NYPA has established one, and other public authorities have it under active consideration.

Whereafter, upon motion duly made and seconded, and by unanimous voice vote of the Members then present, the following resolution was adopted.

Resolution No. 1239

RESOLVED, that the Investment Policy Statement for the NYSERDA Retiree Health Insurance Benefits Trust, as presented at this meeting, is adopted and approved.

Mr. DeIorio said that the next agenda item concerns the approval of a trust through execution of a Trust Agreement. Mr. Catell explained that the A&FC considered a resolution authorizing the President and CEO to execute a Trust Agreement between the Authority and The Bank of New York Mellon Trust Company NA, as Trustee, for “NYSERDA’s Retiree Health Insurance Benefits Trust” (“Trust”). The Trust would be irrevocable, with the purpose of funding payments for health insurance premiums for eligible Authority retirees.

The Trust Agreement sets forth the responsibilities of the Trustee for the care and custody of funds contributed by the Authority, including responsibilities for investing funds and authorizing disbursements to pay for retiree health insurance; the responsibilities of the Plan Administrator to select investments consistent with the Investment Policy Statement; and the responsibility of the Authorized Agents to perform ministerial duties of directing the purchase and sale of investments, and the payment of insurance premiums and other Trust expenses. The Trustee will charge an annual fee of \$4,800 over the next five years for performing its services.

The A&FC unanimously recommended approval of the Trust Agreement.

Whereafter, upon motion duly made and seconded, and by unanimous voice vote of the Members then present, the following resolution was adopted.

Resolution No. 1240

RESOLVED, that the content of the NYSERDA Health Insurance Trust Agreement, as presented at this meeting, with such non-material, conforming, and editorial changes as the President and Chief Executive Officer, in his discretion, may deem necessary or appropriate, is adopted and approved.

The Chair said that the next item concerned the appointment of a Plan Administrator. Mr. Catell explained that the Members are requested to adopt a resolution appointing the Officers of the Authority, in consultation with the Chair of the A&FC, or his designee, to serve as the Plan Administrator of the Trust. Staff believes that designation of the Officers, with input from a member of the A&FC, is appropriate and consistent with the general financial oversight role of the A&FC.

The Trust provides that the investments would be directed by a Plan Administrator. Milliman has been retained to provide the Plan Administrator with a short list of potential investments. The Plan Administrator would then select specific investments, based on the diversified asset allocation ranges contained in the Investment Policy Statement.

The A&FC unanimously recommended the appointment of the Officers of the Authority, in consultation with the Chair of the A&FC, or his designee, to serve as Plan Administrator.

Whereafter, upon motion duly made and seconded, and by unanimous voice vote of the Members then present, the following resolution was adopted.

Resolution No. 1241

RESOLVED, that the Authority hereby appoints the Officers, in consultation with the Chair of the Audit and Finance Committee or his designee, as the Plan Administrator for the NYSERDA Retiree Health Insurance Benefits Trust (“Trust”); and

BE IT FURTHER RESOLVED, that a majority of the Officers then in office shall constitute a quorum and the affirmative vote of a majority of the Officers then in office, in consultation with the Chair of the Audit and Finance Committee or his designee, shall constitute authorization for the taking of any action with respect to, and consistent with,

the Trust, and provided further that such action is consistent with the Investment Policy Statement, as it may be amended from time to time.

The Chair said that the next agenda item concerned the appointment of Authorized Agents. Mr. Catell explained that the Members are requested to adopt a resolution appointing the President and CEO, and the Treasurer, as Authorized Agents. Under the terms of the Trust, the Authorized Agents are the persons authorized to provide the written authorization for the purchase and sale of securities, as directed by the Plan Administrator, and to authorize disbursements from the Trust to pay retiree health insurance premiums and other Trust expenses.

The A&FC unanimously recommended the appointment of the President and CEO, and the Treasurer, as Authorized Agents of the Trust.

Whereafter, upon motion duly made and seconded, and by unanimous voice vote of the Members then present, the following resolution was adopted.

Resolution No. 1242

RESOLVED, that the Authority hereby appoints the President and CEO and the Treasurer as the Authorized Agents for the NYSERDA Retiree Health Insurance Benefits Trust.

Chair DeLorio indicated that the next agenda item concerned a report on recent activities of the Director of Internal Audit. Mr. Catell reported that the A&FC received a report from Mark Mitchell, the Authority's Director of Internal Audit, on his recent activities. Mr. Mitchell advised that, since the September 2009 meeting, two special reviews were completed. The first review concerned the Authority's implementation of certain internal control requirements associated with funding provided under ARRA. The review covered the first reporting period and was intended to identify and then mitigate any identified risks as early in the program as possible. The review found that the Authority continues to have good internal controls in place and resulted in only one recommendation being made. That recommendation was to document the quality assurance processes that are being used to monitor compliance with ARRA's requirements.

The second review concerns the Multifamily Assistance Program, and the results of that review have been provided to management and are expected to be discussed at the next meeting.

Lastly, Mr. Mitchell advised the A&FC on the activities he intends to accomplish over the next few months, including writing the report on the audit work he has completed on the Flexible Technical Assistance Program, and undertaking an Annual Business Risk Assessment and an Information Technology Assessment.

Mr. Catell added that, as part of the Annual Business Risk Assessment, Mr. Mitchell will be holding short interviews with the A&FC members and that, if any other Member wishes to be interviewed, to contact Mr. Mitchell.

Mr. Catell concluded his remarks by saying that, in addition, under a different agenda item, the A&FC approved a Declaration of Intent on behalf of Consolidated Edison Company of New York, Inc., to preserve its ability to issue tax-exempt debt at a later date.

The Chair indicated that the next agenda item concerned proposed amendments to the Authority's By-laws, and he called on President and CEO Murray. Mr. Murray stated that the Authority has not changed its executive structure in the last nine years. However, during that period, the Authority's program responsibilities continued to expand and there have been increases in funding for various programs including EEPS, RPS, ARRA, RGGI, and the Clean Air Interstate Rule, among other programs. Over the past nine years, the Authority's budget has increased from \$130 million to \$671 million and staffing has increased from 172 employees to a current level of over 300 employees. These budgetary, programmatic, and staffing increases have also resulted in new priorities and increased workloads for the Officers.

Therefore, to maintain efficient operations and facilitate managerial guidance to, and oversight of, the Authority's staff on a timely basis, it is proposed that the By-laws be amended to redefine and reallocate programmatic duties and responsibilities between two Vice Presidents

- a Vice President for Operations and Energy Services and a Vice President for Technology and Strategic Planning.

The Vice President for Operations and Energy Services would be responsible to the President and CEO for Authority operations and the discharge of energy services, human resources, and facilities management; would have power to execute contracts, agreements, or other instruments not encumbering Authority funds in excess of \$1,000,000; and would be authorized to exercise the powers of the President and CEO, when necessary.

The Vice President for Technology and Strategic Planning would be responsible to the President and CEO for the energy research, planning, and analysis functions of the Authority; would have power to execute contracts, agreements, or other instruments not encumbering Authority funds in excess of \$1,000,000; and would be authorized to exercise the powers of the President and CEO, when necessary, and when the Vice President for Operations and Energy Services is unavailable to do so.

The duties formerly performed by the Vice President for Administration that would not be performed by the Vice President for Operations and Energy Services, are reassigned to the Treasurer. Thus, the Treasurer would be responsible for contract management and information technology.

Whereafter, upon motion duly made and seconded, and by unanimous voice vote of the Members then present, the following resolution was adopted.

Resolution No. 1243

RESOLVED, that Sections 3, 4, and 5 of Article IV of the By-laws of the Authority be, and they hereby are, amended to read:

SECTION 3. The President and CEO. The President and CEO shall be the chief executive officer of the Authority and shall be primarily responsible for the discharge of the executive and administrative functions of the Authority. The President and CEO shall report to the Chair on the day-to-day executive and administrative functions of the Authority. The President and CEO shall be

responsible for the overall supervision of the other Officers, except the Chair and the Vice Chair, and staff and the implementation of policies, procedures, and directions, consistent with the guidance provided by the Members and the Chair. The President and CEO shall have power to execute contracts, agreements, and other instruments in the name and on behalf of the Authority, including instruments encumbering funds; power to requisition checks from the State Commissioner of Taxation and Finance, pursuant to Section 1859 of the Public Authorities Law; power to certify official rules and regulations of the Authority; and power to assign additional duties to any other Officer of the Authority except the Chair and the Vice Chair, and designate acting officers to perform necessary duties. The President and CEO shall also be authorized to exercise the powers of the Chair during the period of any absence (including vacancy in office) or disability of the Chair and the Vice Chair. The President and CEO shall perform such other duties as may be assigned from time to time by the Authority or the Chair.

SECTION 4. The Vice Presidents. There shall be a Vice President for Operations and Energy Services and a Vice President for Technology and Strategic Planning.

(A) The Vice President for Operations and Energy Services. The Vice President for Operations and Energy Services shall be responsible to the President for the Authority's operations and the discharge of the Authority's energy services programs. The Vice President for Operations and Energy Services shall advise and assist the President in the overall operation of the Authority, including human resources and facilities management. The Vice President for Operations and Energy Services shall have power to execute contracts, agreements, or other instruments not encumbering Authority funds in excess of \$1,000,000; and power to requisition checks from the State Commissioner of Taxation and Finance, pursuant to Section 1859 of the Public Authorities Law. The Vice President for Operations and Energy Services shall also be authorized to exercise the powers of the President during the period of any absence (including vacancy in office) or disability of the President. The Vice President for Operations and Energy Services shall perform such other duties as may be assigned from time to time by the Authority or the President.

(B) The Vice President for Technology and Strategic Planning. The Vice President for Technology and Strategic Planning shall be responsible to the President for the energy research, planning, and analysis functions of the Authority. The Vice President for Technology and Strategic Planning shall advise and assist the President in the design of Authority programs. The Vice President for Technology and Strategic Planning shall have power to execute contracts, agreements, or other instruments not encumbering Authority funds in excess of \$1,000,000; and power to requisition checks from the State Commissioner of Taxation and Finance, pursuant to Section 1859 of the Public Authorities Law.

The Vice President for Technology and Strategic Planning shall also be authorized to exercise the powers of the President during the period of any absence (including vacancy in office) or disability of both the President and the Vice President for Operations and Energy Services. The Vice President for Technology and Strategic Planning shall perform such other duties as may be assigned from time to time by the Authority or the President.

SECTION 5. The Treasurer. Subject to the provisions of the New York State Energy Research and Development Authority Act and the State Finance Law, the Treasurer shall be the chief financial officer and shall have the care and custody of and be responsible for all the funds and securities of the Authority and receive and give receipts for moneys paid to the Authority from any source. The Treasurer shall administer the system of accounts prescribed by the Authority and shall render a statement of the condition of the finances of the Authority as at the end of the first three quarterly periods in each fiscal year, and at such other times as may be required and shall render a full financial report at the Annual Meeting of the Authority held in June of each year. The Treasurer shall be responsible for contract management and information technology activities as well as for the disposition of real and personal property. The Treasurer shall perform such other duties as may be assigned from time to time by the Authority or the President. The Treasurer shall give such bond, if any, for the faithful discharge of his or her duties as may be required by the Authority or by any provision of law. The Treasurer shall have power to execute contracts, agreements, or other instruments not encumbering Authority funds in excess of \$1,000,000; and power to requisition checks from the State Commissioner of Taxation and Finance, pursuant to Section 1859 of the Public Authorities Law. The Treasurer shall also be authorized to exercise the powers of the President during the period of any absence (including vacancy in office) or disability of all of the President, the Vice President for Operations and Energy Services and the Vice President for Technology and Strategic Planning.

The Chair stated that the next item on the agenda was the re-designation of the Vice President for Operations and Energy Services, and the appointment of the Vice President for Technology and Strategic Planning. Mr. Murray explained that, consistent with the By-law changes, the Members are asked to re-designate Robert G. Callender from Vice President for Programs to Vice President for Operations and Energy Services, and appoint Janet Joseph as Vice President for Technology and Strategic Planning, fixing their salary, and approving their terms of employment.

Mr. Callender has served with distinction as the Authority's Vice President for Programs for the past five years and, using his superb skills and talent, also served as Acting President for

almost a year. In his current position, he has overseen the tremendous growth in Authority programs over the past several years and has spearheaded development of the Saratoga Technology + Energy Park.

Ms. Joseph has been serving as the Director of Clean Energy Research and Market Development for over 2 years, and has been with the Authority over 19 years. She has been overseeing a portfolio of projects focused on developing and accelerating the market introduction of emerging clean energy technologies in New York, including wind, solar, biomass, advanced transportation technology, and pollution control. As Director, she also guided research efforts on better understanding and mitigating the environmental effects of energy production, including climate change.

The salary for each of the two positions would be \$145,865.98.

Mr. Brown, Mr. Catell, and Dr. Thorndike, through a letter she sent to the Chair, commended Ms. Joseph for her past accomplishments and agreed that the appointment was well-deserved.

Whereafter, upon motion duly made and seconded, and by unanimous voice vote of the Members then present, the following resolution was adopted.

Resolution No. 1244

RESOLVED, that pursuant to Section 1852(9) of the Public Authorities Law and Section 2 of Article III of the By-laws of the Authority, the Authority hereby re-designates Robert G. Callender as Vice President of Operations and Energy Services, effective immediately, to serve at the pleasure of the Authority and to perform the duties of the Vice President for Operations and Energy Services as set forth in Section 4 of Article IV of the By-laws and other duties as assigned by the Authority or the President and CEO; and

BE IT FURTHER RESOLVED, that pursuant to Section 1852(9) of the Public Authorities Law and Section 2 of Article III of the By-laws of the Authority, the Authority hereby appoints Janet Joseph as Vice President for Technology and Strategic Planning, effective immediately; to serve at the pleasure of the Authority and to perform

the duties of the Vice President for Technology and Strategic Operations as set forth in Section 4 of Article IV of the By-laws and such other duties as assigned by the Authority or the President and CEO; and

BE IT FURTHER RESOLVED that the Members of the Authority do hereby approve the salary of the Vice President for Operations and Energy Services, and the Vice President for Technology and Strategic Planning, effective immediately, in the amount of \$145,865.98; and

BE IT FURTHER RESOLVED, that, with respect to such positions, the Members do hereby approve the application of such rules for time, attendance, and compensation as were previously approved pursuant to Resolution No. 1102.

The Chair then called on Cheryl Earley, Director of Contract Management, to discuss a proposed amendment to the Authority's Procurement Contracts Guidelines, Operative Policy and Instructions ("Contract Guidelines"). Ms. Earley explained that the Members are requested to adopt a resolution amending Section 4.2 of the Contract Guidelines. Staff recommends increasing the threshold requiring use of a competitive process from \$25,000 to \$50,000 in connection with the purchasing of goods, personal services, Authority program work, or other administrative services, and from \$50,000 to \$100,000 for purchasing such goods and services from Minority Business Enterprise or Women-Owned Business Enterprises ("M/WBEs"). Given the increase in procurement contracts issued by the Authority over the past several years, and the frequent need for expeditious implementation of internal processes and programs, staff is recommending the Guidelines be revised to be consistent with the competitive threshold amounts authorized under State Finance Law for State agency purchases.

Whereafter, upon motion duly made and seconded, and by unanimous voice vote of the Members then present, the following resolution was adopted.

Resolution No. 1245

RESOLVED, that Section 4.2 of the "Procurement Contract Guidelines, Operative Policy and Instructions" as presented at this meeting, is approved and adopted.

Next, the Chair asked Ms. Earley to discuss the Periodic Procurement Contracts Report. Ms. Earley explained that the Members are requested to adopt a resolution approving the

Periodic Procurement Contracts Report covering the period August 16, 2009, through December 15, 2009. The report summarizes the 1,465 procurement contracts exceeding \$5,000 that were initiated or modified during the period. About 97% of the procurement contracts were competitively selected, and 99% of the dollars committed resulted from competitive procurement. All of the actions were in compliance with the Contract Guidelines. The report also summarizes an additional 239 procurement contracts that are expected to be executed by the Authority and have a period of expected performance in excess of one year. These contracts totaled approximately \$150 million.

As part of the Periodic Procurement Contracts Report, the Members have also been provided with a periodic report on Authority compliance with Article 15-a of the Executive Law. Article 15-a requires public authorities to make a good faith effort to solicit active participation by M/WBEs in certain contracts. Of the 24 contracts subject to Article 15-a that were initiated or modified during the reporting period, 4% of the total number of contracts were awarded to certified M/WBEs, representing 2% of the total contract amounts.

Whereafter, upon motion duly made and seconded, and by voice vote of the Members then present, except Mr. Burke, the following resolution was adopted. Mr. Burke recused himself.

Resolution No. 1246

RESOLVED, that the Periodic Procurement Contracts Report covering the period August 16, 2009 through December 15, 2009, as presented at this meeting, including but not limited to the contracts identified therein which have been, or are expected to be, executed and which do have, or are expected to have, a period of performance in excess of one year, is hereby approved in accordance with Public Authorities Law Section 2879(3)(b)(ii).

The Chair indicated that the next agenda item was a report on the Green Jobs - Green New York program. Karen Villeneuve explained that the Green Jobs - Green New York legislation establishes a Statewide initiative. Some of its goals are to promote an increase in

energy efficiency and energy conservation, the use of clean technologies, reductions in greenhouse gas emissions, and the creation of opportunities for “green jobs.” Based on a plan developed by the Center for Working Families, Green Jobs - Green New York names the Authority as the administrator of the program and appropriates \$112 million in RGGI funds for this purpose to be expended over the next three years.

Green Jobs - Green New York also requires the formation of an advisory council to advise on the program’s initial design and implementation. It also requires that energy audits and energy efficiency retrofits or improvements be made available to residential, multifamily, small business, and small not-for-profit property owners; that reduced-cost audits be provided to low-income applicants; that some funds be provided to constituency-based organizations and other entities for outreach, customer enrollment, and other related support services; and that workforce training be conducted.

With respect to workforce training, the Authority will work closely with the New York State Department of Labor and partner with constituency-based organizations, workforce development organizations, and labor organizations. The initiatives expected to be implemented include entry-level, occupational, and continuing education courses; advanced training opportunities; and apprenticeships.

The Authority will also be establishing related standards for audits, auditors, and energy efficiency work.

A number of working groups comprised of public and private stakeholders have been established and are holding regular meetings to assist with Green Jobs - Green New York design for each of the sectors and activity areas.

Lastly, Green Jobs - Green New York is to use innovative financing approaches and to include the use of a revolving loan fund. The “innovative financing” working group is analyzing the potential for use of on-bill recovery, property-assessed clean energy loans, as well as more

standard direct consumer loans. Funds in the amount of \$75 million to support the initial efforts have been requested by the Authority under a recently issued Federal request for proposals.

Ms. Villeneuve concluded her presentation by stating that the Authority's goal is to meet the law's directive of having a Green Jobs - Green New York program up and running within six months of the law's effective date.

The Chair said that the next item on the agenda was other business and asked if there was any further business.

Thereafter, there being no further business, upon motion duly made and seconded, and by unanimous voice vote of the Members, the meeting was adjourned.



Hal Brodie
Secretary

January 14, 2010

NOTICE OF MEETING AND AGENDA

TO THE GUESTS OF THE NEW YORK STATE ENERGY RESEARCH AND DEVELOPMENT AUTHORITY:

PLEASE TAKE NOTICE that a regular (the 202nd) meeting of the New York State Energy Research and Development Authority will be held in the Authority's Albany Office at 17 Columbia Circle, Albany, New York, and by video conference in the Authority's New York City Office at 485 Seventh Avenue, 10th floor, New York, New York, by video conference in the Authority's Buffalo Office at 726 Exchange Street, Suite 821, Buffalo, New York, and by webcast, on Monday, January 25, 2010, commencing at 11:30 a.m. for the following purposes:

1. To receive reports on the proposed FY 2010-11 Budget of the Authority from the Program Planning Committee and from the Waste and Facilities Management Committee and to consider and act upon a resolution approving the Authority's FY 2010-11 Budget.
2. To receive a report from the Audit and Finance Committee and:
 - (a) to consider and act upon a resolution approving an Investment Policy Statement for a NYSERDA Retiree Health Insurance Benefits Trust;
 - (b) to consider and act upon a resolution approving a Trust Agreement between the Authority and The Bank of New York Mellon, N.A., establishing a trust for purposes of General Accounting Standards Board Statement No. 45, retiree health insurance benefits;
 - (c) to consider and act upon a resolution appointing the Plan Administrator for the NYSERDA Retiree Health Insurance Benefits Trust;
 - (d) to consider and act upon a resolution appointing Authorized Agents for the NYSERDA Retiree Health Insurance Benefits Trust; and
 - (e) to receive a report on recent activities of the Director of Internal Audit.

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3. To consider and act upon a resolution approving amendments to Article IV, Sections 3, 4, and 5, concerning the duties and powers of the Officers.
4. To consider and act upon a resolution re-designating Robert G. Callender as Vice President for Operations and Energy Services, and appointing Janet Joseph as Vice President for Technology and Strategic Planning, and fixing their salary and terms of employment.
5. To consider and act upon a resolution approving an amendment to the "Procurement Contracts Guidelines, Operative Policy and Instructions".
6. To consider and act upon a resolution approving a periodic procurement contracts report.
7. To receive a report on the Green Jobs – Green New York program.
8. To transact such other business as may properly come before the meeting.

Members of the public may attend the meeting at any of the above locations. The meeting is also available through webcast at <http://www.nyserda.org/webcast.asp>.



Hal Brodie
Secretary