

NEW YORK STATE ENERGY RESEARCH AND DEVELOPMENT AUTHORITY

Minutes of the 205th Meeting

Held on June 21, 2010

Pursuant to notice and an agenda dated June 7, 2010, the Annual Meeting (the 205th meeting) of the New York State Energy Research and Development Authority ("Authority") was convened on June 21, 2010, at 12:30 p.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; and by video conference in the Authority's Buffalo Office at 726 Exchange Street, Suite 821, Buffalo, New York.

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

Vincent A. DeIorio, Esq., Chair

George F. Akel, Jr.

Robert B. Catell (by video conference in New York City)

David D. Elliman

Stanley Gee

Alexander "Pete" Grannis

Roger B. Kelley (by video conference in Buffalo)

Elizabeth W. Thorndike, Ph. D.

Mark A. Willis

Members Brown, Burke, and Townsend were unable to attend.

Also present were Francis J. Murray, Jr., President and CEO; Robert G. Callender, Vice President for Operations and Energy Services; Janet Joseph, Vice President for Technology and Strategic Planning; Jeffrey J. Pitkin, Treasurer; Hal Brodie, Esq., General Counsel and Secretary; Cheryl Earley, Director of Contract Management; and various other members of the staff of the

Authority. In addition, John Zamurs from the New York State Department of Transportation; Sigmund Peplowski from the New York State Department of Public Service; and various members of the staff of the Authority were in attendance.

Before beginning the formal agenda, the Chair welcomed the Authority's newest Board Member, Mark A. Willis. Mr. Willis is filling the economist seat, formerly held by Jay Gottlieb. Mr. Willis recently became the Resident Research Fellow at New York University's Furman Center for Real Estate and Urban Policy, after serving as a Visiting Scholar at the Ford Foundation where he worked on community development and the financial services sector. Previously, he was employed by JPMorgan Chase and also held various positions in economic development and tax policy with The City of New York and the Federal Reserve Bank of New York. On behalf of all the Members, the Chair said that the Authority looked forward to working with him.

Mr. Willis thanked the Chair and the Members and said that he was pleased to join the Authority and offered to share his experience in the housing industry and with respect to economic policies.

The Chair then called the meeting to order and noted the presence of a quorum. The meeting notice and agenda were mailed to the Members and press on June 7, 2010. He directed that a copy of the notice and agenda be annexed to the minutes of the meeting.

Next, Mr. DeIorio asked Francis J. Murray, Jr., the Authority's President and Chief Executive Officer ("CEO"), to address the Members. Mr. Murray updated the Members on the numerous activities of the Authority over the last couple of months, including: efforts to implement a new \$40 million residential retrofit program using funds from the Federal Energy Efficiency Conservation Block Grant program; rollout of individual programs under the Green Jobs – Green New York Act; completion of the \$18 million New York's Great Appliance Swap Out program; issuance of the strategic multi-year program plan; launching of the new "NYSERDA" logo and marketing campaign; submission of a proposal to establish an energy hub

for building science at Syracuse University; continued development of a Climate Action Plan and an extension of system benefits charge programs; awarding of \$204 million in incentives for main tier Renewable Portfolio Standard projects for wind, hydropower, and biomass; creation of an energy storage program, and a cooperative energy efficiency program with National Grid; completion of another quarterly Regional Greenhouse Gas Initiative auction; and continuing establishment, organization, and implementation of programmatic activities associated with the Smart Grid Consortium and the Battery and Energy Storage Technology Consortium. Mr. Murray concluded his presentation by describing various awards that were recently received by the Authority including a Partnership in Sustainability Award from Cornell University and various awards for the “Shining Light” marketing effort.

The Chair then called the first item on the agenda, a resolution commending Jay Gottlieb for his service as a Member of the Authority. The resolution thanks Mr. Gottlieb for his commitment and assistance as a Board Member, as Vice-Chair of the Audit and Finance Committee, and as a member of the Governance Committee. It also thanks him for promoting the Authority’s mission, financial matters, and governance principles.

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

Resolution No. 1257

WHEREAS, Jay L. Gottlieb served with distinction as a Member of the Authority for fourteen years, including eleven years as a member of the Audit and Finance Committee, including four years as its Vice-Chair, and four years as a member of the Governance Committee, including one year as its Chair; and

WHEREAS, Mr. Gottlieb’s tenure was marked by a constant and reliable dedication to furthering the mission of the New York State Energy Research and Development Authority, including efforts to ensure New York’s continued national prominence in providing innovative solutions to State energy issues; efforts to ensure the proper management and oversight of the Authority’s financial matters, including the Authority’s internal audit function and its bond financing program; efforts for monitoring the Authority’s best practices and governance principles; and efforts for continued implementation and delivery of comprehensive and collaborative Statewide programs

that improve the energy, environmental, and economic wellbeing of the People of the State of New York; and

WHEREAS, the Members of the Authority, assembled on this twenty-first day of June, two thousand ten, have unanimously voted to commend Mr. Gottlieb for his distinguished service to the People of the State of New York and his contributions to the Authority and to memorialize that commendation;

NOW, THEREFORE, the Members of the New York State Energy Research and Development Authority commend Jay L. Gottlieb and express their deepest appreciation and respect for his many years of dedicated and distinguished service on behalf of the Authority.

Mr. DeLorio said that the next item on the agenda was a report from the Program Planning Committee ("PPC"). George Akel, Chair of the PPC, reported that the PPC met at Hudson Valley Community College's TEC-SMART facility, located within the Saratoga Technology + Energy Park ("STEP"). The PPC members were able to witness first-hand the Authority's and the State's commitment to growing the skilled, clean-energy workforce that is needed to continue to grow and attract companies, like Global Foundries, to New York State, and support the clean-energy and high technology companies of today and tomorrow.

This year's planning process engaged the PPC members earlier in the development process. In April 2009, the PPC focused on program evaluation and metrics. At the June 2010 meeting, the PPC's primary business item was to review this year's proposed multi-year, strategic, Program Plan entitled *Toward a Clean Energy Future - A Three-Year Strategic Outlook 2010-2013* ("Program Plan"). President and CEO Murray stated that the Program Plan builds upon the Authority's prior successes. Highlighted are programs fostering new technology and innovation that support market transformation, attract new investment, help reduce demand for energy, mitigate price volatility, and improve the environment – all while creating new jobs within the State. The Program Plan addresses the Authority's responses to the ever-changing landscape in the energy and environmental arenas and describes how the Authority will provide direction and support as the State embarks upon new and expanded programs to address energy challenges.

The Program Plan's objectives and strategies are tied directly to the State Energy Plan and to the Authority's role in meeting the energy and environmental goals of the State. Development of the Program Plan can best be characterized as a cross programmatic visioning exercise that integrates the Authority's programs, metrics and reporting, and brand identity and messaging.

The Directors, Program Managers, and Project Managers also provided brief presentations on program vision, strategies, and initiatives in their respective areas. Reports were provided by the Residential Efficiency and Affordability, Energy Efficiency Services, Energy Efficiency Research, Clean Energy Research and Market Development, and Workforce Development programs, and by STEP staff and staff of the New York City Regional Office. The presentations provided perspective on the breadth of the activities in which the Authority is engaged.

At the PPC meeting, Janet Joseph, Vice President for Technology and Strategic Planning, provided a "wrap up" of staff's presentations within the context of the Authority's long-term vision for the future. The long-term objective is to stimulate a clean energy, innovation economy in New York -- an economy whereby knowledge and technology drive the creation of new, enhanced products and services that lead to new jobs and economic prosperity. The Authority's comprehensive portfolio of programs focuses on critical junctures and collectively builds the capacity for innovation and moving New York toward a clean energy future. Over the next three years, the Authority will invest approximately \$1.7 billion in energy efficiency; renewable energy; and research, development, and demonstration ("RD&D") programs, from a variety of funding resources. While considerable, it is less than 1% of the total amount that New Yorkers spend on energy annually.

At the conclusion of all the presentations, the PPC voted unanimously to recommend that the Members approve the Program Plan.

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

Resolution No. 1258

RESOLVED, that the multi-year program plan for New York's energy, economic, and environmental future entitled "Toward a Clean Energy Future: A Three Year Strategic Outlook (2010-13)," submitted to the Members for consideration at this meeting with such non-substantive, editorial changes and supplementary schedules as the President, in his discretion, may deem necessary or appropriate, is adopted and approved as the Authority's updated three year program plan.

Mr. DeIorio then turned to the next agenda item, a report from the Governance Committee ("GC"). Mr. DeIorio reported that the first item considered by the GC was the Authority's compensation schedule. President and CEO Murray explained that the Authority is required to submit a compensation schedule listing all employees in decision-making or management positions with salaries in excess of \$100,000 as part of its Section 2800 Annual Report.

In addition, pursuant to the Public Authorities Reform Act of 2009 ("Reform Act of 2009"), the Section 2800 Annual Report must now include biographical information on each employee included on the list. The Members are asked to approve the submission of this information as part of the Authority's compensation schedule.

The GC unanimously recommended approval of the compensation schedule and submission of the biographical information.

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

Resolution No. 1259

RESOLVED, that the Authority's compensation schedule presented at this meeting, is adopted and approved as the compensation schedule to be submitted pursuant

to Section 2800 of the Public Authorities Law; and

BE IT FURTHER RESOLVED that the attached vitae are approved for submission under Section 2800 of the Public Authorities Law.

The Chair said that the next item considered by the GC was the review of the charters of each of the Authority's standing committees and proposed amendments to the GC Charter. The Reform Act of 2009 requires the GC to examine ethical and conflict of interest issues and make recommendations to the By-laws concerning rules and procedures for conducting Board business. The Reform Act of 2009 also authorized certain changes in the composition of the GC. At the April 2010 Board Meeting, the Members approved changes to the By-laws to address the statutory changes, and the currently proposed amendments to the GC Charter would incorporate those same changes.

In addition, the GC is responsible for periodically reviewing the charters of each of the Authority's standing committees. No changes to the PPC Charter or to the Waste and Facilities Management Committee Charter are proposed. Changes to the Audit and Finance Committee Charter will be discussed as part of the report by the Audit and Finance Committee. Accordingly, the Members are asked to approve submission of the GC Charter, the PPC Charter, and the Waste and Facilities Management Committee Charter as part of the Section 2800 Annual Report.

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

Resolution No. 1260

RESOLVED, that the Authority's Governance Committee Charter, as presented at this meeting, is hereby adopted and approved; and

BE IT FURTHER RESOLVED that the attached Governance Committee Charter, Program Planning Committee Charter, and Waste and Facilities Management Committee Charter are approved for submission under Section 2800 of the Public Authorities Law.

The Chair said that the next agenda item was a report from the Audit and Finance Committee ("A&FC"). Mr. DeIorio called on Robert B. Catell, the A&FC Chair. Mr. Catell explained that the A&FC reviewed the proposed Investment Guidelines, Operative Policy and Instructions (June 2010) ("Investment Guidelines") and the Annual Investment Report for the fiscal year ended March 31, 2010. The Annual Investment Report was reviewed in both open session and in executive session with only the independent auditors present.

The Annual Investment Report indicates that the Authority's overall investments increased from \$685.7 million to \$770.9 million, principally due to an increase in funds received to administer the Regional Greenhouse Gas Initiative program, an increase in SBC funds under the Energy Efficiency Portfolio Standard, and unexpended Renewable Portfolio Standard funds.

As a result of the generally lower market interest rates, total interest earnings for the fiscal year ended March 31, 2010, were \$11.4 million, compared to \$16 million for the prior year. The rate of return decreased to 1.6%, compared to 2.7%, in the prior year.

The Authority's independent auditors reviewed the Investment Report and said that nothing came to their attention that indicated that the Authority was not in compliance with the Investment Guidelines.

No substantive changes to the Investment Guidelines for the upcoming fiscal year are recommended.

The Committee unanimously recommended approval of the Annual Investment Report and Investment Guidelines.

Resolution No. 1261

RESOLVED, that the "Investment Guidelines, Operative Policy and Instructions (June 2010)," as presented at this meeting, are approved and adopted; and

BE IT FURTHER RESOLVED, that the Authority's "2009-10 Annual Investment Report," for the year ended March 31, 2010, as presented at this meeting, is approved and adopted as the annual investment report of the Authority required by Section 2800 and Section 2925(6) of the Public Authorities Law.

The Chair asked Mr. Catell to continue with the report on the FY 2009-10 Financial Statements. Mr. Catell reported that the A&FC also reviewed the FY 2009-10 Financial Statements for the recently completed fiscal year. Peter Mahar, Controller and Assistant Treasurer, summarized significant fluctuations in balance sheet revenue, expenditures, and other items compared to last year's financial statements. The notable changes and fluctuations are described in detail in the materials provided to the Members.

The A&FC members also met in Executive Session with the independent auditors, where there was ample and detailed review of the Authority's investments and financial condition. No substantive problems were identified.

The independent auditors will issue an unqualified opinion on the Financial Statements. The A&FC unanimously recommended approval of the FY 2009-10 Financial Statements.

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

Resolution No. 1262

RESOLVED, that the Authority's Financial Statements as of March 31, 2010, as presented at this meeting, are adopted and approved as the financial reports required by Sections 1867(1) and 2800 of the Public Authorities Law.

The Chair asked Mr. Catell to summarize the next item, concerning independent auditors. Mr. Catell explained that Lumsden & McCormick has served as the Authority's independent auditors since 2002 and was competitively selected through a mini-bid of firms pre-qualified by the New York State Office of General Services ("OGS"). The terms of the OGS contract expires

in January 2011, so this reappointment will be the final year under the contract. Staff will issue a competitive solicitation to appoint independent auditors beyond FY 2010-11.

The proposed fee for FY 2009-10 will not exceed \$41,500, which is about \$200 less than this year's fee.

Staff has been fully satisfied with the audit services provided by the firm, and recommend their reappointment. The A&FC has also been satisfied with their services and unanimously recommends their reappointment.

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

Resolution No. 1263

RESOLVED, that the Chair is authorized to retain the firm of Lumsden & McCormick, LLP as independent auditors for the Authority for the fiscal year ending March 31, 2011.

The next item on the A&FC agenda was the Annual Bond Sale Report, and the Chair asked Mr. Catell to report on this item. Mr. Catell explained that, during FY 2009-10, the Authority participated in the process for converting six series of bonds with principal amounts totaling \$42.6 million to a different interest rate mode, the details of which are contained in the Annual Bond Sales Report. In addition, the Annual Bond Sales Report shows that the last series of State Contract Revenue Bonds, which were used to finance activities at West Valley, matured.

The Annual Bond Sales Report also includes a schedule of Authority bonds that are outstanding as of March 31, 2010, which totals about \$3.6 billion.

The Committee unanimously recommended approval of the Annual Bond Sales Report.

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

Resolution No. 1264

RESOLVED, that the Authority's Annual Bond Sales Report for the fiscal year April 1, 2009 through March 31, 2010, and the information contained therein, as presented at this meeting, is adopted and approved for submission pursuant to Section 2800 of the Public Authorities Law.

Next, the Chair asked Mr. Catell to report on the recent activities of Mark Mitchell, the Director of Internal Audit. Mr. Catell reported that Internal Audit has issued draft audit reports regarding the Flex Tech Program; New York's Great Appliance Swap Out Program (funded by the American Recovery and Reinvestment Act of 2009); and the payment of travel and credit card expenditures. These three audits are projected to be completed before the September A&FC meeting.

The audit of the Conservation Services Group ("CSG") implementation agreement for the Home Performance with ENERGY STAR[®] Program also continues. Audit work has focused on determining whether the implementation contractor is invoicing the Authority appropriately for its direct labor costs, indirect rates, and travel expenses. A status report on the audit will be provided at the A&FC's September meeting.

In addition, information gathering continues with respect to the business risk assessment, and the report drafted for the information technology (IT) risk assessment is progressing. The results of the business risk assessment and the IT risk assessment will be presented at the A&FC meeting in September 2010, along with the number of audits, including information technology audits, proposed for inclusion in the FY 2010-11 Internal Audit Plan.

Internal Audit is also beginning to prepare to conduct an audit of the Main Tier of the Renewable Portfolio Standard Program.

Lastly, the Authority needs to conduct a quality assurance review of Internal Audit and this will also be incorporated into the FY 2010-11 Annual Internal Audit Plan.

The Chair said that no action was needed on this item and asked Mr. Catell to continue with a discussion of the A&FC Charter. Mr. Catell explained that the last item considered was proposed amendments to the A&FC Charter. The Reform Act of 2009 requires the A&FC to review the issuance of Authority debt. Therefore, it is proposed that the Charter be amended to add a provision saying that the A&FC is responsible for reviewing and making recommendations concerning the issuance of debt. This is consistent with current procedures and would not require any change in existing practices.

The A&FC unanimously recommended approval of the amendments to the A&FC Charter and its submission as part of the Section 2800 Annual Report.

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

Resolution No. 1265

RESOLVED, that the Authority's Audit and Finance Committee Charter, as presented at this meeting, is hereby adopted and approved.

BE IT FURTHER RESOLVED that the attached Audit and Finance Committee Charter is approved for submission under Section 2800 of the Public Authorities Law.

The Chair then asked Mr. Catell to report on the remaining items discussed by the A&FC. Mr. Catell reported that Mr. Pitkin updated the A&FC on the financing program. As approved by the Members in April 2010, the Authority participated in the conversion of 2 series of bonds on behalf of New York State Electric & Gas Corporation. The \$101 million in Bonds were converted to a 3-year Term Rate, without liquidity, and received a rating of BBB+ from Standard and Poor's Corporation. The interest rate payable on both series of bonds is 3%.

Mr. Catell concluded his presentation by explaining that Mr. Pitkin also advised that the State Comptroller has recently begun an audit of the commercial energy audit program to assess resources for the program compared to the public's demand for these services; staff will report on the results of the audit once it is completed.

Mr. Delorio said that the next item on the agenda is a resolution reappointing Mr. Catell and Dr. Thorndike to the PPC; reappointing Dr. Thorndike to the Waste and Facilities Management Committee and reappointing her as the Chair; reappointing George Akel to the GC; appointing Mark Willis to the PPC and GC; and appointing David Elliman as Chair of the GC. Each of these Members is willing to serve in these various capacities and the Authority benefits greatly from their willingness to share their expertise.

Whereafter, upon motion duly made and seconded, and by unanimous voice vote of the Members present, Mr. Catell and Dr. Thorndike were reappointed to the PPC; Dr. Thorndike was reappointed to Waste and Facilities Management Committee and reappointed as the Chair; Mr. Akel was reappointed to the GC; and Mark Willis was appointed to the PPC and the GC, for terms expiring June 20, 2013; and David Elliman was appointed as Chair of the GC.

The Chair said that the next item on the agenda concerned the text of the Annual Report. President and CEO Murray reported that the Members are asked to approve the text of the Annual Report for 2009-2010, entitled "New York's Clean-Energy Economy." Mr. Murray explained that the Annual Report describes how the Authority uses objective analysis and a multifaceted approach to help the State meet its energy goals of reducing energy consumption, increasing the use of renewable energy, protecting the environment, and creating clean-energy jobs. It describes the many public and private partnerships that are key to the Authority's success.

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

Resolution No. 1266

RESOLVED, that the text of the Annual Report of the Authority, as presented at this meeting, with such non-substantive, editorial changes and supplementary schedules as the President and Chief Executive Officer, in his or her discretion, may deem necessary or appropriate, is adopted and approved; and that the text of such report of the Authority shall be submitted as required by Sections 1867(1) and 2800 of the Public Authorities Law for the fiscal year ending March 31, 2010.

Next, the Chair asked Mr. Pitkin to discuss the Authority's Annual Report on the Disposition of Real and Personal Property. Mr. Pitkin explained that the Members are requested to adopt a resolution approving an Annual Report on Disposition of Real and Personal Property ("Disposal of Property Report"), which is required to be approved annually by Title 5-A of the Public Authorities Law and the Authority's *Guidelines, Operative Policy and Instructions for the Disposal of Real and Personal Property* ("Property Guidelines"). The report covers FY 2009-10.

The first section of the Disposal of Property Report summarizes the four parcels of real property held by the Authority. The second section summarizes the various dispositions of real property; all dispositions occurred in connection with the Saratoga Technology + Energy Park, and either relate to the leasing of office space at 10 Hermes Road, or the granting of easements for utility and telecommunication purposes.

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

Resolution No. 1267

RESOLVED, that the "Guidelines, Operative Policy and Instructions for the Disposal of Real and Personal Property (June 2010)," as presented at this meeting, are approved and adopted; and

BE IT FURTHER RESOLVED, that the Annual Report on Disposition of Real and Personal Property (June 2010), as presented at this meeting, is adopted and approved as the Annual Report on Disposition of Real and Personal Property required by Section 2800 of the Public Authorities Law.

Mr. DeIorio said that the next agenda item concerns the Authority's Procurement Contract Guidelines, Operative Policy and Instructions (June 2010) ("Procurement Guidelines") and the Annual Procurement Contracts Report. At Mr. DeIorio's request, Cheryl Earley, Director of Contract Management, explained that Public Authorities Law Section 2879 requires the Members to review and approve, annually, procurement contracts guidelines as well as an annual procurement contracts report.

The Procurement Guidelines set forth the Authority's operative policy and procedures to guide staff on the use, award, monitoring, and reporting of contracts.

The Annual Procurement Contracts Report, which covers the contracting period of April 1, 2009, through March 31, 2010, lists the contracts that the Authority initiated or modified during FY 2009-10 and that had contract values of \$5,000 or more. There are over 4,000 contract actions listed. Over 98% of the contract actions were competitively bid and 98% of the total dollar amount committed resulted from competitive procurement. A total of 2,956 contracts have terms longer than one year. The Authority is in compliance with the Procurement Guidelines in its contracting.

The Members have also been provided with a 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 minority- and women-owned business enterprises ("M/WBEs") in certain contracts. Of the contracts subject to Article 15-a, which were initiated or modified during FY 2009-10, 13% of the total number of contracts were awarded to certified M/WBEs, representing 2% of the total dollar amount committed.

In addition, the State Senate has recently been focusing on M/WBE efforts. In connection with its review, the Senate Majority advised the Authority that it believes the Authority lacks the staff needed to monitor M/WBE efforts, but it also commended the Authority for its outreach and community efforts, noting the steady increase in M/WBE contracts.

Whereafter, upon motion duly made and seconded, and by voice vote, all Members voted in the affirmative to adopt the following resolution, except that Mr. Catell abstained from the vote on any contracts involving KeySpan Corporation and National Grid, Mr. Kelley abstained from the vote on any contracts involving Foristar, and Dr. Thorndike abstained from any contracts involving Cornell University, the University of Rochester, the Center for Environmental Information, and Adirondack Research.

Resolution No. 1268

RESOLVED, that the "Procurement Contract Guidelines, Operative Policy and Instructions, June 2010" as presented at this meeting, are approved and adopted; and

BE IT FURTHER RESOLVED, that the Authority's 2009-10 Annual Procurement Contracts Report, as presented at this meeting, is adopted and approved as the annual report of the Authority required by Section 2800 and Section 2879 of the Public Authorities Law.

The Chair said that the next agenda item concerns the Authority's Periodic Procurement Contracts Report. Ms. Earley explained that the Periodic Procurement Contracts Report covers the contracting period beginning March 16, 2010, and ending May 15, 2010. The Periodic Procurement Contracts Report is divided into two sections. The first section includes a list of contracts modified or executed during the period. The second section lists contracts anticipated to be executed or modified and having a proposed period of performance in excess of one year.

The first section indicates that the Authority initiated or modified 572 procurement contracts, which include program contract actions, subscription-based program contract actions, personal services contract actions, goods contract actions, and other administrative contract actions. Over 95% of these contract actions were competitively selected, and 97% of the dollar amount committed resulted from competitive procurement.

The second section lists an additional 686 procurement contracts pending execution by the Authority, under which the period of performance by the contractor is expected to exceed one year. These contracts total approximately \$468 million.

The Members have also been provided with a periodic report on Authority compliance with Article 15-a of the Executive Law, which covers the period March 16, 2010, through May 15, 2010. Of the 9 contracts subject to Article 15-a, which were initiated or modified, 33% of the total number of contracts were awarded to certified M/WBEs, representing 40% of the total dollar amount committed.

Whereafter, upon motion duly made and seconded, and by voice vote, all Members voted in the affirmative to adopt the following resolution, except that Mr. Catell abstained from the vote on any contracts involving KeySpan Corporation and National Grid, Mr. Kelléy abstained from the vote on any contracts involving Foristar, and Dr. Thorndike abstained from any contracts involving Cornell University, the University of Rochester, the Center for Environmental Information, and Adirondack Research.

Resolution No. 1269

RESOLVED, that the Periodic Procurement Contracts Report, covering the period March 16, 2010 through May 15, 2010, 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 item on the agenda was a report on Operations and Accomplishments and asked President and CEO Murray to discuss the item. Mr. Murray explained that the Reform Act of 2009 requires the Authority to submit a listing of major changes in the Authority's operations, details on the Authority's accomplishments, and descriptions of the Authority's major operational units as part of the Section 2800 Annual Report to the Governor, the Legislature, and others.

The major changes identified include: the implementation of new programs under the Energy Efficiency Portfolio Standard, the Regional Greenhouse Gas Initiative, the Green Jobs - Green New York Act, and the American Recovery and Reinvestment Act; development of the

New York Battery and Energy Storage Technology Consortium and the Smart Grid Consortium; and revision of the titles and responsibilities of the two vice presidents.

The report also details the Authority's accomplishments under its various programs, including achieving 565 gigawatt hours in energy savings and 135 megawatt reductions in summer peak demand; sales of over \$267 million in products developed with Authority support; issuance of a new State Energy Plan; and issuance of a Final Environmental Impact Statement for the decommissioning and long-term stewardship of West Valley, among others.

Lastly, it describes the Authority's major operational units, consistent with the current budget and Program Plan.

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

Resolution No. 1270

RESOLVED, that the listing of material changes in Authority operations and programs and descriptions of major Authority operational units; and its accomplishments included in the Authority's Operations and Accomplishments Annual Report as presented at this meeting, is adopted and approved for submission under Section 2800 of the Public Authorities Law.

The Annual Prompt Payment Policy Report ("Prompt Payment Report") was next on the agenda, and Chair DeIorio called on Authority Treasurer, Jeffrey J. Pitkin. Mr. Pitkin explained that Section 2880 of the Public Authorities Law and the Authority's implementing regulations require preparation of an annual report on the implementation of the Authority's prompt payment policy. Under its policy, the Authority is required to make payment to contractors and vendors within 30 days of the receipt of a valid invoice. The Prompt Payment Report indicates that the Authority completed 21,858 vendor payments during the fiscal year ended March 31, 2010.

The Prompt Payment Report also indicates that the Authority had 14 late payments. As

was reported at various meetings over the last fiscal year, there was a learning curve, a period of fine-tuning, and a period of adjustments to internal processes in connection with the implementation of the new financial management system. As a result, there were a few late payments. Two of the late payments occurred due to staff oversights in the invoicing process. The remaining 12 late payments were primarily due to the way staff had entered invoices into the financial management system. Corrective action was taken to train staff and modify the system to prevent a repeat of these problems.

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

Resolution No. 1271

RESOLVED, that the Annual Prompt Payment Policy Report presented to the Members of the Authority at this meeting is adopted and approved as the annual report required by Section 2880 of the Public Authorities Law.

Next is consideration of a resolution approving inclusion of additional items in the Section 2800 Annual Report, and the Chair asked General Counsel Hal Brodie to discuss this item. Mr. Brodie explained that the Members are requested to adopt a resolution approving the submission of additional items in the Authority's Section 2800 Annual Report, as newly required by the Reform Act of 2009.

The Section 2800 Annual Report contains a list of 17 documents that are to be included in the reports submitted by public authorities to the Governor, Legislature, and others. This agenda item seeks approval to submit several documents that have either been previously approved by the Members or do not require substantive approval. These items include a copy of the Authority's By-laws and enabling legislation; a list of all current Members and their Committee assignments; a list of the Board and Committee Meetings including attendance; among others.

In addition, the Members are asked to approve the submission of the Authority's Four Year Financial Plan, which includes a current and projected capital budget as well as the Operating Budget Report. This information was compiled using the Authority's audited Financial Statements and current budget information and was previously approved by the Members as part of the Authority's budget.

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

Resolution No. 1272

RESOLVED, that the additional items presented at this meeting, are approved for submission pursuant to Section 2800 of the Public Authorities Law.

The next item concerns a report on an early retirement plan. Mr. Callender explained that the Authority is currently engaged in developing a recommendation on whether the Authority should participate in an early retirement incentive program. Under the statutory program, eligible employers may opt into the program, which authorizes a two-track incentive to achieve permanent financial savings. The first track would require the Authority to demonstrate over a two year period, savings of at least half of the amount of the salary of the retiring employee. The employee would receive one additional month of service credit for each year of service, up to thirty-six additional months of service credit. Under the second track, employees who are at least age 55 and have 25 years or more of State service would be able to retire without a benefit reduction.

Under both tracks, the Authority would have to establish an open period of at least 30 days, but not more than 90 days, extending no later than December 31, 2010. All details of the program are under review to determine the financial impact, staffing implications, workload issues, and operational efficiencies and savings. A resolution would have to be passed no later than August 31, 2010. President Murray concluded this discussion by saying that, if the program is offered to Authority employees, this will likely require a special Board meeting to be held.

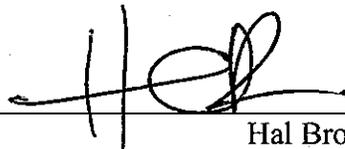
Mr. DeLorio then said that the next agenda item concerned a report on procurement and regulatory reform lobbying requirements, and he called upon Mr. Brodie to discuss this item. Mr. Brodie explained that a discussion at the last meeting concluded that the Members might benefit from an update on the appropriate process for responding to lobbying contacts. Lobbying on two kinds of matters has been addressed in legislation over the last few years. A 2005 law addressed lobbying with respect to procurement contracts and the recent Reform Act of 2009 addressed lobbying with respect to rules and regulations. Mr. Brodie then explained the procurement requirements and the effects on contractors for failing to meet the law's requirements.

The Chair then asked if there was any further business.

Dr. Thorndike remarked on the environmental impacts currently in the news due to the explosion of a deep water oil rig in the Gulf of Mexico as well as opposition to other forms of energy production. She opined that no one opposes energy efficiency and demand reduction efforts, and the Authority should continue its emphasis on these types of programs.

A general discussion then ensued on the need for all sectors – energy, environmental, transportation, and housing, among others – to work together to reduce energy consumption. The Members agreed that the Authority should continue its programmatic efforts in bringing the various stakeholders together to promote both energy efficiency and demand management in a cohesive and Statewide manner.

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



Hal Brodie
Secretary

June 9, 2010

NOTICE OF MEETING AND AGENDA

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

PLEASE TAKE NOTICE that the Annual Meeting (the 205th 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, and by video conference in the Authority's Buffalo Office at 726 Exchange Street, Suite 821, Buffalo, New York, on Monday, June 21, 2010, commencing at 12:30 p.m., for the following purposes:

1. To consider and act upon a resolution commending Jay L. Gottlieb for his service as a Member of the Authority.
2. To receive a report from the Program Planning Committee and to consider and act upon a resolution approving the multi-year program plan for New York's energy, economic, and environmental future: "Toward a Clean Energy Future - A Three-Year Strategic Outlook (2010-2013)".
3. To receive information from the Governance Committee and:
 - (a) to consider and act upon a resolution approving a compensation schedule.; and
 - (b) to consider and act upon a resolution approving amendments to the Governance Committee Charter.
4. To receive information from the Audit and Finance Committee and:
 - (a) to consider and act upon a resolution approving an Annual Investment Report of the Authority and the "Investment Guidelines, Operative Policy and Instructions (June 2010)";
 - (b) to consider and act upon a resolution approving Financial Statements of the Authority for FY 2009-10;

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Albany
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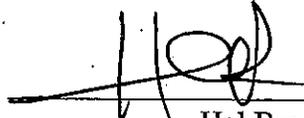
Buffalo
Larkin at Exchange Building
726 Exchange Street, Suite 821
Buffalo, New York 14210
Phone: (716) 842-1522
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- (c) to consider and act upon a resolution approving the appointment of the Authority's independent auditors for fiscal year 2010-11;
 - (d) to consider and act upon a resolution approving an annual bond sale report;
 - (e) to receive a report on the recent activities of the Director of Internal Audit; and
 - (f) to consider and act upon a resolution approving amendments to the Audit and Finance Committee Charter.
5. To consider and act upon a resolution: reappointing Robert B. Catell and Elizabeth W. Thorndike to the Program Planning Committee, reappointing Elizabeth W. Thorndike to the Waste and Facilities Management Committee and to reappoint her as the Chair; reappointing George F. Akel, Jr., to the Governance Committee; and appointing Mark A. Willis to the Program Planning Committee and the Governance Committee.
 6. To consider and act upon a resolution approving the text of the Annual Report of the Authority for 2009-10.
 7. To consider and act upon a resolution approving the Annual Report on Disposition of Real and Personal Property and the "Guidelines, Operative Policy and Instructions for the Disposal of Real and Personal Property (June 2010)".
 8. To consider and act upon a resolution approving the Annual Report on Procurement Contracts and the "Procurement Contracts Guidelines, Operative Policy and Instructions (June 2010)".
 9. To consider and act upon a resolution approving the periodic procurement contract report.
 10. To consider and act upon a resolution approving the Annual Report on Operations and Accomplishments – March 31, 2010.
 11. To consider and act upon a resolution approving the annual report on the implementation of the Authority's prompt payment policy.
 12. To consider and act upon a resolution approving the inclusion of additional items in the annual report required by Section 2800 of the Public Authorities Law.
 13. To receive information concerning an early retirement plan.
 14. To receive a report on procurement and regulatory reform lobbying requirements.

15. 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. In accordance with guidance from the Office of Taxpayer Accountability, the Authority will be posting a video of its Board and Committee meetings to the web within 2 business days of the meeting. The video will be posted at <http://www.nyserda.org/governancemeetings2.asp>.



Hal Brodie
Secretary