

MINUTES OF THE SECOND MEETING OF THE  
GOVERNANCE COMMITTEE  
HELD ON APRIL 23, 2007

Pursuant to notice dated April 10, 2007, and a revised notice dated April 12, 2007, the second (2nd) meeting of the Governance Committee of the NEW YORK STATE ENERGY RESEARCH AND DEVELOPMENT AUTHORITY ("Authority") was convened at 1:00 p.m. on Monday, April 23, 2007, in the Authority's board room at 17 Columbia Circle, Albany, New York, and was available by video conference in the Authority's 10<sup>th</sup> floor conference room at 485 Seventh Avenue, New York, New York, and in the Authority's conference room at 617 Main Street, Suite 105, Buffalo, New York.

The following members of the Committee were present:

George F. Akel, Jr., Chair

Vincent A. DeIorio, Esq., ex officio

Jay L. Gottlieb (*by video conference from New York*)

Also present were Authority Members Parker D. Mathusa and Dr. Elizabeth W. Thorndike; Peter R. Smith, President and CEO; Robert G. Callender, Vice President for Programs; Jeffrey J. Pitkin, Treasurer; Hal Brodie, Esq., Acting General Counsel; Jacquelyn L. Jerry, Esq., Associate Counsel and Secretary to the Governance Committee; and various other staff of the Authority.

Mr. Akel called the meeting to order and noted the presence of a quorum. He indicated that the first item on the agenda concerned the approval of the minutes of the first (1st) meeting of the Committee held on January 29, 2007.

Whereafter, upon motion duly made and seconded, and by unanimous voice vote, the minutes of the first (1st) meeting of the Committee, held on January 29, 2007, were approved.

Mr. Akel said that the next item on the agenda concerned guidance from the New York State Authority Budget Office (“ABO”) regarding the independence of Board Members. Jeffrey J. Pitkin, the Authority’s Treasurer, stated that the Public Authorities Accountability Act of 2005 (“Accountability Act”) requires that, with respect to public authorities’ governing bodies, “except for members who serve as members by virtue of holding a civil office of the state, the majority of the remaining members of the governing body shall be independent members.” The ABO recently provided guidance on what is necessary to comply with this requirement and a copy of the policy guidance was provided to the Members.

The guidance incorporates the Accountability Act’s definitions of independence, such as a board member cannot be an employee of the Authority or have been employed by an entity that received a payment valued at more than fifteen thousand dollars for goods and services by the Authority, or be an executive officer or employee in an executive position at the Authority, among other qualifying factors. In addition, the ABO advises that, as a best practice, a majority of appointed board members should not have a political or employment relationship to the government for whose purpose the public authority was created, which in the Authority’s case would be the State.

The ABO further advises that the Authority’s *ex officio* Members, by statute, are considered independent and may sit on the Authority’s Audit and Finance or Governance Committees, although, to the extent practicable, the Authority is encouraged to select appointed Members who meet the independence criteria for these committees.

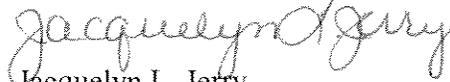
Mr. Gottlieb stated that the Members should pay particular attention to the section of the guidance that requires board members to disclose any relationship with a vendor prior to the Authority considering doing business with a vendor. Additionally, the guidance states that the board member should be recused from any board discussion or decision on such a transaction.

Mr. Akel indicated that the next item on the agenda concerned guidelines on the qualifications for Authority Members. Staff has asked that action on the item be postponed to provide additional time to consult with the ABO and other public authorities on how they are

developing their guidelines. This item will be back to the Committee for consideration at a future date.

Mr. Akel indicated that the last agenda item concerned other business. There being no further business, upon motion duly made and seconded, and by unanimous voice vote of the Committee members, the meeting was adjourned.

Respectfully submitted,

A handwritten signature in cursive script that reads "Jacquelyn L. Jerry".

Jacquelyn L. Jerry  
Secretary to the Committee