MINUTES OF THE FIFTH MEETING OF THE
GOVERNANCE COMMITTEE
HELD ON JUNE 16, 2008

Pursuant to notice dated June 5, 2008, the fifth (5th) meeting of the Governance Committee of the NEW YORK STATE ENERGY RESEARCH AND DEVELOPMENT AUTHORITY ("Authority") was convened at 12:00 p.m. on Monday, June 16, 2008, in the Authority's Albany office at 17 Columbia Circle, Albany, New York, New York; by video conference in the Authority's New York City office at 485 Seventh Avenue, 10th floor, New York; and by webcast.

The following members of the Committee were present:

George F. Akel, Jr., Chair
Vincent A. Delorio, Esq., ex officio

Member Gottlieb was unable to attend.

Also present were Authority Members Parker D. Mathusa, and Dr. Elizabeth W. Thorndike; Robert G. Callender, Vice President for Programs; Jeffrey J. Pitkin, Treasurer; Hal Brodie, Esq., General Counsel; Sara L. LeCain, Esq., Assistant 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 fourth (4th) meeting of the Committee held on April 14, 2008.

Whereafter, upon motion duly made and seconded, and by unanimous voice vote, the minutes of the fourth (4th) meeting of the Committee, held on April 14, 2008, were approved.

Mr. Akel said that the next item on the agenda concerned proposed Guidelines Concerning the Qualifications of Authority Members ("Guidelines"). Vincent A. DeIorio, Esq., the Authority's Chair, stated that in accordance with the Public Authorities Law, one responsibility listed in the Committee's charter is to provide advice to appointing authorities on the skills and experiences appropriate for potential Members. The Members are asked to approve Guidelines that are intended to meet this responsibility. The Guidelines incorporate the prerequisites listed in the Authority's enabling legislation, but expand upon those prerequisites using guidance issued by the New York State Authority Budget Office and standards followed in the private sector. Additionally, the Guidelines address qualifications for members of the Authority's standing committees, the independence of Members, and Member training.

In order to ensure full disclosure, the Guidelines will require that all non-*ex-officio* Members file a "Member Status Form" upon appointment, which would be used to confirm qualification as an independent Member. They would also be asked periodically to confirm their independent status.

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

Resolution No. 7

RESOLVED, that the Governance Committee recommends that the Members of the Authority adopt a resolution in substantially the same form as the resolution submitted to the Committee (attached as Exhibit A), approving the Guidelines Concerning the Qualifications of Authority Members (attached as Exhibit B).

Mr. Akel indicated that the next item on the agenda was a report from Chair DeIorio on the Authority's compensation schedule. Mr. Delorio stated that the Public Authorities Accountability Act of 2005 ("Act") added items to the list of materials and information that is to be included in the annual report filed with the Governor, the Comptroller, and the Legislature,

pursuant to Section 2800 of the Public Authorities Law. The Annual Report is to include a compensation schedule reporting the name, title, salary, and total compensation for all employees in decision-making or managerial positions with salaries in excess of $100,000. The schedule was included in the meeting materials.

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

Resolution No. 8

RESOLVED, that the Governance Committee recommends that the Members of the Authority adopt a resolution in substantially the same form as the resolution submitted to the Committee (attached as Exhibit C), adopting and approving the Authority's compensation schedule to be submitted pursuant to Section 2800 of the Public Authorities Law (attached as Exhibit D).

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,

Sara L. LeCain

Sara L. LeCain
Secretary to the Committee

NYSERDA **New York State Energy Research and Development Authority**
Vincent A. Delorio, Esq., ***Chairman***
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NOTICE OF MEETING AND AGENDA

June 5, 2008

TO THE MEMBERS OF THE GOVERNANCE COMMITTEE:

PLEASE TAKE NOTICE that the fifth (5th) meeting of the GOVERNANCE COMMITTEE 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, on Monday, June 16, 2008, commencing at 12:00 p.m., for the following purposes:

1. To consider the Minutes of the 4th meeting held on April 14, 2008.

2. To consider and act upon guidelines concerning the qualifications of Authority Board Members.

3. To consider and act upon a compensation schedule.

4. To transact such other business as may properly come before the meeting.

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

Sara L. LeCain
Secretary to the Governance Committee

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EXHIBIT A

Resolution No. ____

RESOLVED, that the "Guidelines Concerning Qualifications of Authority Members," as presented at this meeting, are approved and adopted.

EXHIBIT B

GUIDELINES CONCERNING QUALIFICATIONS OF AUTHORITY MEMBERS

NYSERDA's enabling statute provides that the membership of the Authority consists of thirteen members:

(1) the commissioner of the department of transportation, *ex-officio*;

(2) the commissioner of the department of environmental conservation, *ex-officio*;

(3) the chair of the public service commission, *ex-officio;*

(4) the chair of the power authority of the State of New York, *ex-officio*;

(5) an engineer or a research scientist with a degree in the physical sciences or engineering who has not been employed in the nuclear fission field for three years preceding the appointment and who shall not be so employed during his or her term;

(6) an economist who shall not have received more than one-tenth of his or her income from an electric utility or gas utility for three years preceding the appointment and who shall not so derive more than one-tenth of his or her income during such term;

(7) a member of a not-for-profit environmental group;

(8) a member of a not-for-profit consumer group;

(9) an officer of a utility primarily engaged in the distribution of gas;

(10) an officer of an electric utility;

(11) an at-large member;

(12) an at-large member; and

(13) an at-large member.

The Authority Budget Office ("ABO"), in Policy Guidance No. 07-01 ("Policy 07-01"), prescribed general rules with respect to the qualification of public authority members, generally, consistent with Section 2825(2) of the Public Authorities Law. This guidance, NYSERDA's enabling statute, and other materials, were used in developing the following guidelines concerning NYSERDA Board Members.

A majority of NYSERDA's non-*ex-officio*[1] Members must be independent. A NYSERDA Member is considered to be independent if all of the following criteria are met:

> --The Member is not currently a NYSERDA employee in an executive position, nor was an employee of NYSERDA in an executive position in the past two years.
>
> -- The Member is not now, nor has been in the previous two years, employed by an entity that received a payment valued at more than fifteen thousand dollars for goods and services provided to NYSERDA, or any other form of financial assistance valued at more than fifteen thousand dollars from NYSERDA[2].
>
> --The Member is not a relative[3] of an executive officer or employee in an executive position of NYSERDA or an affiliate.
>
> --The Member is not a lobbyist registered under a state or local law and paid by a client to influence the management decisions, contract awards, rate determinations or any other similar actions of NYSERDA or an affiliate.

For NYSERDA, this means that, of the nine non-*ex-officio* Members, five must be independent. Due to NYSERDA's mission, however, it is unlikely that the officers of the gas and electric utilities are likely to be able to qualify as independent. Accordingly, NYSERDA must make every effort to ensure that five of the following seven Members be independent:

> the engineer or a research scientist; the economist; the member of a not-for-profit environmental group; the member of a not-for-profit consumer group; and the 3 at-large Members.

The ABO recommends, and the Public Authority Accountability Act requires, that, if the majority of Members appointed to NYSERDA do not meet this definition of independence, the official or officials having the authority to appoint or remove Members should take appropriate actions to address this issue. In NYSERDA's case, the appointing officer is the Governor.

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[1]ABO Policy 07-01 provides that *ex-officio* directors, by statute, are considered independent and may sit on NYSERDA's Audit and Finance or Governance Committee, although, to the extent practicable, ABO encourages NYSERDA to select Members who meet the independence criteria to these committees.

[2]In addition, a Member may be an employee of a county or local government and have some professional involvement with NYSERDA and still be independent. However, if a Member (1) is a member of a legislative body, or (2) is the chief executive officer, or (3) holds a policymaking position with a municipal government, that board member would not be independent if NYSERDA pays the municipal government $15,000 or more annually for goods and services that are provided to NYSERDA by the municipal government. As a best practice, it is not recommended that a majority of appointed Members have a political or employment relationship to the government for whose purpose NYSERDA was created.

[3]The term "relative" means such individual's spouse, child, stepchild, stepparent, or any person who is a direct descendant of the grandparents of the reporting individual or of the reporting individual's spouse.

In addition, the ABO indicates that Members may consult with the individuals who appointed them without losing their independence, provided that the Members' decisions are made in the interests of the public and consistent with NYSERDA's mission.

The ABO also recognizes that it is not uncommon for a Member to have personal or professional relationships with vendors who may do business with NYSERDA. In such cases, Members must disclose any such relationship prior to the Board's approval of the contract with the vendor and the Member should recuse himself or herself from any Board discussion or decision on such a transaction. Members also should not discuss any qualities of such vendor with staff of NYSERDA. In all cases, Members are to: avoid situations that could compromise their independence; act with transparency; and exercise their fiduciary duties of loyalty and care. This will require that the Members weigh the public's interests and that of their appointing authorities when taking on these duties and be sensitive to potential conflicts of interest or the appearance of a conflict.

Non-*ex-officio* Members will be asked to complete upon appointment as a form (the New York State Energy Research and Development Authority Independent Member Status Form), upon appointment as a Member, as the means to monitor independence. Each such Member will be asked to confirm periodically their status as independent Members.

General Qualifications for NYSERDA Members. The general characteristics of NYSERDA Members include their commitment; knowledge and expertise; willingness to participate; receptiveness to, and support of innovation; and attention to detail.

NYSERDA Members are committed to NYSERDA's mission and to fulfilling its mandates and support accountability and transparency. They understand the mission, embrace it, and are willing to devote time and attention to contribute to its successful completion. They support transparency in their actions. They follow the Open Meetings Law, ensure that the public has access to their deliberations, and provide access to a wide range of reports covering NYSERDA actions. In addition, they are accountable. NYSERDA Members review a number of annual reports, approve annually a number of procedural guidelines, and ensure through a standing committee structure that detailed review is made of NYSERDA operations. NYSERDA annual reports are sent to a number of State executive and legislative officials. NYSERDA Members use these reports and processes and NYSERDA's standing committees to monitor NYSERDA's performance and its management.

NYSERDA Members have knowledge and expertise that relate to its broad range of responsibilities and involvements. This includes experience and activities related to energy efficiency and production; energy forecasting; industry or business experiences; the environment; scientific or technical and engineering expertise; financial transactions or economic analyses; residential, low-income, and other consumer-related ties; and economic development efforts.

NYSERDA Members participate in NYSERDA deliberations. They listen, ask questions, request information or additional analyses, and make reasoned decisions based on the information they are given.

NYSERDA Members are receptive to new ideas and innovations. They receive updates on new and untested ideas and processes. They discuss the changes and form opinions about its benefit to NYSERDA operations and its mission.

NYSERDA Members are attentive to detail. NYSERDA Members question the basis of determinations, when appropriate, making sure they understand the basis for the directions being taken. They seek to attain a reasonable comfort level and proceed on a timely basis at the proper time.

Qualifications for Governance Committee Members. Members of the Governance Committee should be knowledgeable or become knowledgeable in matters pertaining to governance. Members could be selected for their expertise in this area or could attend training sessions on governance upon appointment to NYSERDA. Governance is a term that refers broadly to the rules, processes, or laws by which NYSERDA operates. It includes the internal factors defined by the Members and Officers, as well as to external factors such as consumers, clients, and State laws, regulations, and related guidance. A well-defined and enforced corporate governance structure provides the framework for ensuring that the enterprise adheres to accepted ethical standards and best practices as well as to statutory requirements.

Qualifications for Audit and Finance Committee Members. Members of the Audit and Finance Committee should possess or obtain a basic understanding of governmental financial reporting and auditing. Members could be selected for their expertise in this area or could attend training sessions on financial reporting upon appointment to NYSERDA. The Audit and Finance Committee must have access to the services of at least one financial expert, and the ABO recommends that the name of the financial expert be disclosed in NYSERDA's annual report.

To qualify as a financial expert, the Member should have: 1) an understanding of generally accepted accounting principles and financial statements; 2) experience in preparing or auditing financial statements of comparable entities; 3) experience in applying such principles in connection with the accounting for estimates, accruals and reserves; 4) experience with internal accounting controls; and 5) an understanding of audit committee functions. For example, persons holding the generic titles of treasurer, controller, comptroller, certified public accountant, chief executive officer, chief financial officer, and persons holding financial-related degrees would likely meet this definition. This list is not exclusive, however, and other educational or professional experiences could qualify a person as a financial expert.

In determining the financial expert, the Audit and Finance Committee will poll its members to determine qualifications and willingness to serve as the financial expert. One or more members of such committee may be designated as a financial expert or such committee may recommend the hiring of a person meeting the qualifications of a financial expert to assist it. As part of the designation process, the financial expert must agree to be listed as such in NYSERDA's financial statements.

Qualifications for Program Planning Committee Members. Members of the Program Planning Committee should be interested in contributing to the Authority's mission with respect to the energy research, development, and demonstration program, energy efficiency services program, energy analysis program, residential energy and affordability program, and marketing and economic development program. Members could be selected for their expertise in strategic planning, budgeting, technical background such as educational degrees or work experiences. Members of the Program Planning Committee should be committed to furthering the Authority's mission.

Qualifications for Waste and Facilities Management Committee Members. Members of the Waste and Facilities Management Committee should be selected for their interest in, willingness to become engaged in, or expertise in the Authority's program and plans for management of the Western New York Nuclear Service Center, including the West Valley Demonstration Project, and for radioactive waste policy and nuclear coordination. Members could be selected for their expertise in environmental law or planning, strategic planning, budgeting, or technical background such as educational degrees or work experiences. Members of the Waste and Facilities Management Committee should be committed to furthering the safe management of the radioactive wastes and facilities at the West Valley site.

Assisting in Attracting New NYSERDA Members. While primary responsibility for defining qualifications for, and identifying potential NYSERDA Members that meet those requirements, has been assigned to the Governance Committee, all NYSERDA Members should assist in identifying and attracting candidates who meet Member qualifications. Once a potential candidate has been identified, his or her name should be referred to the Governance Committee.

The Governance Committee will review the qualifications of the persons identified. When appropriate, the Governance Committee will submit to the Governor's Office information concerning the person's qualifications for appointment as a Member of NYSERDA.

Continuing Training. The Governance Committee shall periodically review the availability of, and provide recommendations regarding, Member education, including but not limited to, new Member orientation and training to be obtained from State-approved or other trainers.

New York State Energy Research and Development Authority Independent Member Status Form

Check if true.

1. ___ I have not been employed by the New York State Energy Research and Development Authority in an executive capacity now or within the last two years.

2. ___ I have not been employed by an entity that received remuneration valued at more than $15,000 for goods and services provided to the New York State Energy Research and Development Authority now or within the last two years.

3. ___ I have not been employed by an entity that received any form of financial assistance valued at more than $15,000 from the New York State Energy Research and Development Authority within the past two years.

4. ___ I am not a relative of an executive officer or employee in an executive position of the New York State Energy Research and Development Authority or an affiliate of the New York State Energy Research and Development Authority. (The term "relative" shall mean such individual's spouse, child, stepchild, stepparent, or any person who is a direct descendant of the grandparents of the reporting individual or of the reporting individual's spouse.)

5. ___ I have not been a lobbyist registered under a State or local law and paid by a client to influence the management decisions, contract awards, rate determinations or any other similar actions of the New York State Energy Research and Development Authority now or within the past two years. (The term "lobbyist" shall mean every person or organization retained, employed or designated by any client to engage in lobbying. The term "lobbyist" shall not include any officer, director, trustee, employee, counsel or agent of the state, or any municipality or subdivision thereof of New York when discharging their official duties; except those officers, directors, trustees, employees, counsels, or agents of colleges, as defined by section two of the education law.)

6. ___ I have filed a Financial Disclosure statement as required by Section 73-a of the Public Officer's Law. (Members must file such Financial Disclosure Statement by May 15 of each year, covering the previous fiscal year.)

I hereby certify that the information contained in this form is correct to the best of my knowledge.

_____ Date:_____

Member Signature

Please complete and submit this form to:

New York State Energy Research and Development Authority
Attn.: Secretary
17 Columbia Circle
Albany, NY 12203

EXHIBIT C

Resolution ___

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.

EXHIBIT D

NYSERDA
Compensation Schedule as of March 31, 2008 Pursuant to Public Authorities Law Section 2800

Last Name	First Name	Title	Annual Salary March 31, 2008	Total Compensation* Year Ended March 31, 2008
Ahearn	M. John	Program Manager	$111,613	$116,077
Albrecht	Raymond	Senior Project Manager	$101,049	$105,697
Attridge	Thomas	Senior Project Manager	$101,049	$104,486
Baldyga	Todd	Senior Project Manager	$100,735	$97,263
Barone	Thomas	Director	$124,072	$116,582
Bembia	Paul	Director	$123,600	$119,938
Brodie	Hal	General Counsel	$137,493	$132,230
Callender	Robert	Vice President for Programs	$137,493	$145,577
Carver	Robert	Senior Project Manager	$101,049	$105,597
Coup	James	Senior Project Manager	$101,049	$98,679
Douglas	Peter	Program Manager	$111,613	$116,637
Drake	Richard	Program Manager	$111,613	$116,626
Earley	Cheryl	Director of Contract Management	$102,632	$99,468
Eggers	Mark	Program Manager	$111,613	$115,289
Ferranti	Adele	Program Manager	$104,081	$106,615
Gerwitz	Colleen	Senior Project Manager	$108,362	$108,340
Harvey	Jennifer	Senior Project Manager	$101,049	$103,980
Horton	Ruth	Program Manager	$111,613	$115,625
Jerry	Jacquelyn	Deputy Counsel	$123,600	$119,249
Joseph	Janet	Director	$124,072	$123,155
Keane	Peter	Associate Counsel	$104,081	$107,362
Kear	Edward	Senior Project Manager	$101,049	$105,789
Khosrova	Mitchell	Associate Counsel	$111,613	$116,854
Kneeland	Craig	Senior Project Manager	$100,841	$98,070
Lavada	Donald	Director of Economic Development/Marketing	$107,163	$105,605
Levy	Dana	Program Manager	$106,798	$103,176
Lynch	Thomas	Director of Government Affairs	$128,750	$93,096
Mahar	Peter	Controller/Asst. Treasurer	$103,147	$99,626
Martin	John	Senior Project Manager	$101,049	$105,938
Michael	Karl	Program Manager	$107,898	$104,765
Milonovich	Valerie	Manager of Special Projects	$101,049	$102,589
Mitchell	Mark	Director of Internal Audit	$101,001	$99,530
Pakenas	Lawrence	Program Manager	$111,613	$116,520
Peterson	Jeffrey	Program Manager	$111,613	$116,526
Peterson	Alyse	Senior Project Manager	$101,049	$100,899
Piciulo	Paul	Program Liason	$132,778	$132,757
Pitkin	Jeffrey	Treasurer	$137,493	$145,377
Platt	Brian	Program Manager	$111,613	$115,624
Reinhardt	William	Senior Project Manager	$101,049	$105,480
Reis	James	Program Manager	$111,613	$117,169
Richards	Priscilla	Senior Project Manager	$101,049	$104,862
Saintcross	John	Program Manager	$104,081	$106,795
Sayer	Joseph	Senior Project Manager	$101,049	$104,485
Smith	Lee	Senior Project Manager	$101,049	$89,522
Spath	John	Program Manager	$111,613	$116,520
Tonko	Paul	President	$148,888	$107,657 **
Torpey	Mark	Senior Project Manager	$101,049	$105,583
Villeneuve	Karen	Director	$124,072	$122,955
Wagner	Joseph	Senior Project Manager	$101,049	$105,192
Walmet	Gunnar	Director	$136,761	$142,650
Watson	Mark	Program Manager	$104,081	$106,195
Weishan	Michael	Senior Project Manager	$101,049	$104,385
Wesley	Charles	Senior Project Manager	$101,049	$99,568
Willett	Martin	Senior Project Manager	$101,049	$104,485
Williams	John	Deputy Counsel	$123,600	$83,192
Winters	Rachel	Senior Project Manager	$101,049	$103,784
Young	David	Manager of Information Technology	$111,613	$115,933

* Total Compensation includes, when applicable, performance-based lump sum payments. Pursuant to NYSERDA's personnel policies, all employees whose salaries are at the maximum of their Management/Confidential salary grade range are eligible to receive an annual performance-based lump sum payment, awarded as a percentage of salary from a fixed pool of funds budgeted and approved for such payments.

** NYSERDA's President is provided unrestricted access of a NYSERDA-owned vehicle, consistent with State policies. Included in the compensation received for the year ended March 31, 2008 is $406 reported as taxable fringe benefits under IRS guidelines for calendar year 2007 personal use of the vehicle.