PROGRAM PLANNING COMMITTEE
OF THE
NEW YORK STATE
ENERGY RESEARCH AND DEVELOPMENT AUTHORITY

Minutes of the 70th Meeting
Held on September 14, 2009

Pursuant to a Notice and Agenda dated September 8, 2009, the 70th meeting of the Program Planning Committee ("Committee") of the NEW YORK STATE ENERGY RESEARCH AND DEVELOPMENT AUTHORITY was convened at 10:30 a.m. on Monday, September 14, 2009, at the Authority's Board Room at 17 Columbia Circle, Albany, New York, and by video conference in the Authority's New York City Office, located 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 Committee were present:

George F. Akel, Jr., Committee Chair
Vincent A. DeIorio, Esq., Authority Chair (ex officio)
Kevin Burke (by video conference in NYC)
Robert B. Catell (by video conference in NYC)
David D. Elliman (by video conference in NYC)
Elizabeth W. Thorndike, Ph. D.

Also in attendance were Francis J. Murray, Jr., President and CEO of NYSERDA; Robert G. Callender, Vice President for Programs; Jeffrey J. Pitkin, Treasurer; Hal Brodie, General Counsel; David A. Munro, Deputy Counsel and Secretary to the Committee; and various other members of the Authority staff.

Chair Akel called the meeting to order, noted the presence of a quorum, and stated that a Notice of the meeting (see Exhibit A) was mailed to Committee members and the press on September 8, 2009. He stated that the meeting was being webcast to give the public access to watch the meeting through the internet from any location. Each of the Committee members introduced themselves.

Authority Chair DeIorio thanked all NYSERDA management and staff for their recent hard work and welcomed everyone back from the summer.

The first agenda item concerned the approval of the minutes of the 69th meeting of the Committee held on June 15, 2009. Upon motion duly made and seconded, and by unanimous voice vote, the minutes of the 69th meeting of the Committee were approved.

Revised Budget for FY 2009-10

Chair Akel then introduced Treasurer Jeff Pitkin to report on the resolution recommending that the full Board approve revisions to the Authority's Budget for the current 2009-2010 Fiscal Year, which was originally approved at the January 2009 Board meeting. Overall, the revisions increase the budgeted revenues from $618.7 million to $661.3 million and increase budgeted expenditures from $543.5 million to $581.2 million. Mr. Pitkin summarized the significant changes.

Mr. Pitkin explained that to date, NYSERDA has been awarded $185.9 million in Federal grant funding under the American Recovery and Reinvestment Act (ARRA), including formula-based awards for energy efficiency, an energy efficiency and conservation block grant for municipalities, and an appliance rebate initiative, as well as a competitive award for Clean Cities alternative fuel vehicles. Additional funding may result if NYSERDA is successful in receiving awards under other competitive solicitations. ARRA requires that all funds be obligated within 18 months of award and to be expended within 36 months of award. For FY 2009-10, NYSERDA expects to spend about $35 million, which has been added to the revised Budget.

The Public Service Commission recently issued four Orders in the Energy Efficiency Portfolio Standard ("EEPS") proceeding, approving an additional $48.4 million in funding for new programs for geothermal heat pumps and electric reductions in master-metered public buildings, and additional funding for workforce development and the multifamily building performance programs. Of this amount, $11.2 million will be received during this FY, which has been added to the revised Budget.

The revised Budget reflects a slight reduction to Regional Greenhouse Gas Initiative ("RGGI") funding based on a change in the number of allowances expected to be auctioned during this fiscal year, and also includes additional funding expected from the sale of allowances under the Clean Air Interstate Rule ("CAIR") program.

The revised Budget for salaries and benefits decreased by approximately $3 million based upon a reduction in the number of full-time equivalents budgeted, principally for the RGGI-funded programs. The original Budget included funding for positions assuming the administrative rate would be 7% of funding. However, NYSERDA is currently projecting a lower level of staffing than originally anticipated. As a result, the total staffing level is projected at 361 positions, 18 fewer than originally budgeted. Based upon phased-in staffing that will occur once the RGGI litigation is resolved and the Authority begins to fully implement the programs outlined in the RGGI Operating Plan, the budgeted number of full-time equivalent employees for FY 2009-10 is 321.9, a decrease from the 338.5 originally projected.

The revised Budget includes a reduction of $1.2 million in costs for post-employment health insurance benefits under Government Accounting Standards Board ("GASB") Statement 45 based on an assumed reduction in the Authority's contribution from establishing a segregated trust account.

NYS Assessments increased $2 million based on an increase in the State Cost Recovery fee assessed to the Authority during FY 2008-09.

Mr. Pitkin explained that the Authority has historically maintained a balance of unrestricted net assets of generally not less than $2 million, which management believes is fiscally prudent and reasonable. These funds are needed to meet general working capital needs, and they also provide a reserve in the event that additional unanticipated expenditures are necessary to protect public health and safety at West Valley.

The Authority ended FY 2008-09 with a balance of unrestricted net assets of $1.3 million, in large part due to the increase in the State Cost Recovery fee mentioned above. In addition, the Authority made a payment of $913,000 to the State pursuant to State Budget Article VII appropriation language. This payment obligation is an annual obligation that began in FY 2003-04, and requires a payment of "up to" $913,000.

The enclosed revised Budget anticipates that the balance of unrestricted net assets at the end of the fiscal year will decrease further to $1.1 million, or about .2% of budgeted expenditures. Mr. Pitkin advised that he and other Authority staff have discussed with State Division of the Budget staff whether it would be possible to receive relief from at least some portion of the $913,000 payment obligation for FY 2009-10. Division of Budget staff has advised NYSERDA that the payment has been assumed in the State's Financial Plan and any shortfall in this payment will present further strains on the State's fiscal condition. The revised Budget continues to include this payment. After discussion, Committee members indicated they would be comfortable leaving it to staff to decide whether to continue to pursue relief from this obligation.

Several members asked that Authority staff provide a report addressing whether $2 million is an adequate amount in the unrestricted net assets account. Mr. Pitkin agreed to report on this issue at the next Board meeting.

Mr. Akel asked if there was any further discussion or questions regarding a recommendation by the Committee that the Board approve the resolution regarding the revisions to the FY 2009-10 Budget. There being none and based on all the reports and discussions as presented, upon motion duly made and seconded, and by unanimous voice vote, the Committee recommended that the full Board adopt the revisions to the FY2009-10 Budget. A copy of said resolution is attached hereto as Exhibit B.

State Appropriation Request/Preliminary Spending Plan for FY 2010-11

Mr. Pitkin further reported on NYSERDA's State Appropriation Request for the next fiscal year, which is submitted annually to the Division of the Budget and sets forth the Authority's requests for state appropriations. He also sought comments from Committee members on the Preliminary Spending Plan for FY 2010-11, in anticipation of the Budget to be presented to the Members for approval at the January 2010 meeting.

For FY 2010-11, NYSERDA is requesting appropriations totaling $35,452,000, an increase from $29,705,000 approved in the FY 2009-10 State Budget. No change is recommended for the

R&D and Energy Analysis program areas. The increase is attributable to an increase in funding for West Valley.

The State Appropriation Request also includes requests to reappropriate amounts included in the State FY 2009-10 Budget but not fully expended through March 31, 2010.

The Preliminary Spending Plan for FY 2010-11 includes all revenues and expenses by program area. Overall, the Plan estimates total expenditures at $686.3 million, compared to $581.2 million for the FY 2009-10 revised Budget. The increase is primarily due to the annualization of additional funding provided in FY 2009-10 for the EEPS program and also an increase in Federal stimulus funded program activity.

The preliminary spending amount for salaries and benefits reflects annual salaries for all staffing positions budgeted in the revised FY 2009-10 Budget, but reflects full year levels. The Plan includes amounts for cost of living adjustments and performance-based salary increases in the event these are approved for State Management/Confidential employees for FY 2010-11.

The Preliminary Spending Plan projects that the balance of unrestricted net assets at the end of the fiscal year will be approximately $1.3 million. As Mr. Pitkin had previously explained, this amount is less than the $2 million historic balance.

Mr. Akel asked if there was any further discussion or questions regarding a recommendation by the Committee that the Board approve the resolution regarding the State Appropriation Request for FY 2010-11. There being none and based on all the reports and discussions regarding the State Appropriation Request and Spending Plan as presented, upon motion duly made and seconded, and by unanimous voice vote, the Committee recommended that the full Board adopt the resolution approving the Authority's State Appropriation Request for FY 2010-11. A copy of said resolution is attached hereto as Exhibit C.

Mr. Akel asked if there was any other business before the Committee. There being none, upon motion duly made and seconded, and by unanimous voice vote of the Members, the 70th meeting of the Program Planning Committee was adjourned.

Respectfully submitted,

David A Munro

David A. Munro
Secretary to the Program Planning Committee

NYSERDA **New York State Energy Research and Development Authority**

Vincent A. DeIorio, Esq., ***Chairman***

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Exhibit A

NOTICE OF MEETING AND AGENDA

September 8, 2009

TO THE MEMBERS OF THE PROGRAM PLANNING COMMITTEE:

PLEASE TAKE NOTICE that a meeting of the Program Planning Committee (the 70th 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, located 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, September 14, 2009, commencing at 10:30 a.m., for the following purposes:

1. To consider and act upon the Minutes of the sixty-ninth (69th) meeting of the Program Planning Committee held on June 15, 2009.

2. To receive a report from the Treasurer and to consider and act upon recommending approval of a resolution approving revisions to the Authority's Fiscal Year 2009-10 budget.

3. To receive a report from the Treasurer regarding the Authority's Fiscal Year 2010-11 Preliminary Spending Plan and the Authority's State Appropriation Request For Fiscal Year 2010-11 and act upon recommending approval of a resolution approving the State Appropriation Request for Fiscal Year 2010-11.

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

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

David A Munro

David A. Munro
Secretary to the Program Planning Committee

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Exhibit B

Resolution No. _____

RESOLVED, that the Fiscal Year 2009-10 Budget and Financial Plan (Revised September 2009) submitted to the Members for consideration at this meeting, with such non-material, editorial changes and supplementary schedules as the President and CEO, in his discretion, may deem necessary or appropriate, be and it hereby is approved.

Exhibit C

Resolution No. _____

RESOLVED, that the proposed State Appropriation Request for Fiscal Year 2010-11 submitted to the Members for consideration at this meeting, with such non-material, editorial changes and supplementary schedules as the President and CEO, in his discretion, may deem necessary or appropriate, be and it hereby is approved for submission to, and at the request of, the New York State Division of the Budget.