

NEW YORK STATE ENERGY RESEARCH AND DEVELOPMENT AUTHORITY

Minutes of the 238th Meeting

Held on April 17, 2018

Pursuant to notice and an agenda dated April 6, 2018, the 238th meeting of the New York State Energy Research and Development Authority (“Authority” or “NYSERDA”) was convened on April 17, 2017, at 1:30 p.m., in the office of the New York State Dormitory Authority, at One Penn Plaza, 52nd Floor, New York, New York, and in the Authority’s Albany Office at 17 Columbia Circle, Albany, New York. The two locations were connected by videoconference.

The following Members of the Authority were present:

Richard Kauffman

Kenneth Daly

Kate Fish

Jay Koh

John McAvoy

Gil Quiniones

John B. Rhodes

Mark Willis

Member Sherburne Abbott participated by telephone, but did not vote on any actions. Members Basil Seggos and Charles Bell were unable to attend.

Also present were Alicia Barton, President and CEO; Janet Joseph, Senior Vice President for Strategic Market Development; Jeffrey J. Pitkin, Treasurer; Noah C. Shaw, General Counsel and Secretary; Amber Sisson, New York Power Authority; Dean Geesler, Marty Dunbar, and Beth Clauge, from KPMG, LLP; and various other staff of the Authority.

Mr. Kauffman called the meeting to order and noted the presence of a quorum. He stated that a meeting notice and agenda were mailed to the Members and press on April 6, 2018. The Chair directed that a copy of the notice and agenda be annexed to the minutes of the meeting.

Before turning to the formal agenda, Alicia Barton, the Authority's President and CEO, provided the Members with an update on Authority operations.

Mr. Kauffman noted that with respect to the Authority's large scale renewable work, there were 22 utility projects. Only once in the last eleven solicitations has there been a utility scale project.

Mr. Kauffman also noted that goals and mandates are a signal to market participants. It creates an economic prize and a line of site to developers. While we see the value, they will not be enough to achieve our objective of driving capital for the next generation of the grid. Government's role should be helping to foster the right mix of solutions between public and private actors.

The Chair indicated that the first item on the agenda was a report from the Governance Committee ("GC"). The GC's Chair, Sherburne Abbott was unable to attend the meeting in person, therefore, the Chair provided the report. Mr. Kauffman reported that the GC had met earlier in the day and a quorum was present throughout.

The Chair indicated that the GC met in private session to discuss the results of the Annual Confidential Board Member Performance Evaluation Report ("Report"). Mr. Kauffman added that the results and any recommendations made by the GC will be presented to the Board at its June 2018 meeting.

The Chair indicated that the next item considered by the GC was a proposed salary increase for the Officers. Mr. Kauffman stated that in accordance with the Public Authorities Law, the Members are required to approve the compensation of Officers, including salary increases.

Historically the Authority has provided its employees with benefits comparable to those provided to Management Confidential employees by the State.

Mr. Kauffman explained that Part H, Chapter 55 of the Laws of 2015 authorized a general salary increase of 1% effective April 1, 2018 to adjust for prior salary increases withheld from Management Confidential employees in 2009 and 2010. Chapter 8 of the Laws of 2017 authorized general salary increases of 2% effective April 1, 2018, and that these increases were to be compounded onto the previously scheduled increases. Therefore, the combined increases amount to 3% effective April 1, 2018.

Mr. Kauffman indicated that the Members are asked to approve the same percentage salary increase for the President and CEO, Senior Vice President for Strategy and Market Development, the Treasurer, and the General Counsel.

Mr. Kauffman stated that the fiscal year 2018-19 Budget approved by the Members in January 2018 included funding for these salary increases. The salary increases will be provided once instructions are provided through a Budget Bulletin anticipated to be issued imminently by the New York State Division of the Budget.

The GC unanimously recommended approval of the salary increase for officers.

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

Resolution No. 1522

RESOLVED, that the proposed 3% salary increase retroactive to April 1, 2018 payable as appropriate to the President and CEO, the Senior Vice President for Strategy and Market Development, the Treasurer and Internal Control Officer, and the General Counsel and Secretary is hereby approved, subject to the issuance of a Budget Bulletin by the New York State Division of the Budget.

The Chair stated that next, the GC received a report from General Counsel and Secretary Noah Shaw regarding the GC Charter. Mr. Kauffman stated that pursuant to the Public Authorities

Accountability Act of 2005, each of the Authority's Committees adopted Charters setting forth each Committee's responsibilities. Each Committee is responsible for periodically reviewing its Charter and determining what, if any, amendments need to be made.

These recommendations will then be presented to the full Board for approval at its June 2018 meeting. Mr. Kauffman stated that Management is not recommending any changes to the GC Charter at this time.

Mr. Kauffman, indicated that the next item on the agenda was a report on items considered by the Audit and Finance Committee ("A&FC") by the A&FC Chair, Jay Koh.

Mr. Koh stated that the A&FC met earlier in the day, and a quorum was present throughout the meeting.

Mr. Koh reported that the A&FC heard a detailed presentation from KPMG, LLP on their proposed process for conducting the fiscal year 2017-18 independent audit of the Authority's financial statements and NY Green Bank's financial statements. The A&FC was able to ask questions and was satisfied with the proposed procedures for conducting the audit. The A&FC thought the approach was reasonable and that the end product would meet the requirements of the Public Authority Accountability Act and the State Comptroller's regulations, including the delivery of all required opinions.

Mr. Koh stated that the A&FC also received a report from the Authority's Associate Internal Auditor, Dorraine Teitsch-Gilligan who is filling in while the selection for a new Director of Internal Audit is completed. Ms. Teitsch-Gilligan presented the proposed Internal Audit Plan for Fiscal Year 2018-2019. Following a discussion, the Committee voted to approve the 2018-2019 Audit Plan.

Next, Mr. Koh indicated that the A&FC received a report from Ms. Teitsch-Gilligan on Internal Audit's recent activities. Ms. Teitsch-Gilligan discussed the results of a two recently completed audits. The A&FC had a discussion and was pleased with the results of the audits.

Lastly, Mr. Koh explained that the A&FC received a report from Treasurer Jeffrey Pitkin on the recent issuance of \$18,500,000 Residential Solar Financing Green Revenue Bonds by the Authority. Mr. Pitkin indicated that the bonds achieved an A rating by Kroll Bond Rating Agency and were certified “Green Bond” by the Climate Bond initiative. The Bonds were purchased by five institutional investors, many of whom indicated that the certification was the reason for their interest. Management was pleased with the overall results of the bond sale.

In response to an inquiry from Mr. Willis, Mr. Pitkin indicated that this was the first public offering of Authority issued bonds using the Authority’s own rating. Staff was pleased with the results.

Mr. Kauffman stated that the next item on the agenda was a report from the Program Planning Committee (the “PPC”). Mark Willis, Chair of the PPC, presented this item. Mr. Willis reported that the PPC met just prior to the Board meeting, and a quorum was present throughout the meeting.

Mr. Willis stated that Mr. Shaw presented the periodic review of the PPC Charter. Pursuant to the Public Authorities Accountability Act of 2005, each of the Authority’s Committees adopted Charters setting forth each Committee’s responsibilities. Each Committee is responsible for periodically reviewing its Charter and determining what, if any, amendments need to be made. Management is not recommending any changes to the PPC at this time.

The PPC reviewed the charter and is also not recommending any changes at this time.

Next, Mr. Willis indicated that the PPC received a substantive panel presentation on the Authority’s 2018 Goals and Strategic Priorities. The panel was led by Alicia Barton, President and CEO of the Authority, and included presentations from Janet Joseph, Senior Vice President for Strategy and Market Development; John Williams, Director of Policy and Regulatory Affairs; and Noah Shaw, General Counsel.

Mr. Willis explained that the presentation provided the context for the specific goals and strategic activities described, including those that emanate from the Governor's 2018 State of the State highlights. Areas of focus for 2018 include: energy storage; offshore wind; a new energy efficiency target; community solar; transportation initiatives for emission reductions, electric vehicle, and smart streetlighting; effectuating the Regional Greenhouse Gas Initiative ("RGGI") cap reduction; as well as several other focus areas.

Mr. Willis added that further priorities of the Authority's President and CEO, include: a persistent focus on achieving the Authority's program portfolio goals; a commitment to longer-term market transformation strategies; continued organizational improvements; responding to real-time market conditions; support for systemic clean energy deployment; and leveraging third party efforts.

Mr. Willis stated that detailed programmatic information was provided by the panel regarding several of the Authorities' Program areas, such as Large-Scale Renewables, NY-Sun, Technology and Business Innovation, and Market Development. Programmatic priorities in energy and environmental analysis were also presented, including activities to support the commencement of the 2019 State Energy Planning proceeding.

Mr. Willis indicated that the panel provided the programmatic priorities for the Western New York Nuclear Service Center ("West Valley"), including the Supplemental Environmental Impact Statement scoping process, the modernization of the Nuclear Regulatory Commission License for West Valley, as well as various planned demolition activities for certain facilities on site.

Lastly, Mr. Willis stated that the panel discussed the timeline for the development of the Authority's Strategic Outlook and opportunities for additional Committee engagement in the development of that annual document.

Mr. Kauffman indicated that the next item on the agenda was the periodic procurement contracts report. Mr. Kauffman called on Cheryl Glanton, Director of Contract Management, to discuss this item.

Ms. Glanton stated that the Members are requested to adopt a resolution approving a periodic procurement contracts report, covering the period December 16, 2017 through March 15, 2018. The report summarized 99 procurement contracts exceeding \$5,000 that were initiated or modified during the period. These contracts total approximately \$19 million. Over 94% of the procurement contracts were competitively selected, and 87% of the dollars committed resulted from competitive procurement. In addition, there were 7 competitively selected program contracts and 2 non-competitively selected program contracts for \$327 million. \$326 million of which is comprised of the first 5 contracts executed as a result of the Authority's 2017 Clean Energy Standard Large-Scale Renewables competitive solicitation. The report also summarizes 61 procurement contracts that are expected to be executed by the Authority and that have a period of expected performance in excess of one year. These contract actions total approximately \$1.4 billion.

Ms. Glanton stated that in addition, the Members were provided with a periodic report on the Authority's compliance of Article 15-a of the Executive Law. Of the 43 contracts subject to Article 15-a which were initiated or modified during the reporting period, 50% of the total number of contracts were awarded to certified Minority and Women-Owned Business Enterprises ("M/WBE") firms, representing 30% of the total contracted amounts.

Next, Ms. Glanton explained that the Members were provided a report on the Authority's program contract activity. There were 545 program contracts executed exceeding \$5,000 that were initiated during the period. Of these contracts 98% were competitively selected, and 99% of the dollars committed were from competitive selections. The breakouts by Market Focus, Regional Economic Development Council, County, and Electric Utility are included, including a map representation of the program contracts executed during the period.

In response to an inquiry from Mr. Daly, Ms. Glanton indicated that the geographical disparity was a result of the 5 large renewable projects.

Mr. Kauffman indicated that the decline of contract actions under the NY-Sun Program and other similar programs is a reflection of the success of the programs. The solar residential industry is operating in several areas of the State without public support.

Whereafter, upon motion duly made and seconded, and by voice vote of the Members present, the following resolution was passed. Dr. Elizabeth Thorndike, abstained from voting.

Resolution No. 1523

RESOLVED, that the Periodic Contracts Report, covering the period December 16, 2017 through March 15, 2018, 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.

The Chair stated that the next item on the agenda was a report from

Mr. Kauffman indicated that the last item on the agenda was other business.

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



Noah C. Shaw
Secretary