

NEW YORK STATE ENERGY RESEARCH AND DEVELOPMENT AUTHORITY

Minutes of the 242nd Meeting

Held on April 30, 2019

Pursuant to a notice and agenda dated April 16, 2019 of the New York State Energy Research and Development Authority (“Authority”) a meeting was convened on April 30, 2019 at 1:30 p.m., at the office of the New York State Dormitory Authority (“DASNY”), 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, Chair

Sherburne Abbott

Charles Bell

Kate Fish

Jay Koh

Gil Quiniones

John Rhodes

Basil Seggos (by videoconference in Albany)

Mark Willis

Member Kenneth Daly was unable to attend.

Also present were Alicia Barton, President and CEO; Janet Joseph, Senior Vice President for Strategy and Market Development; Jeffrey Pitkin, Treasurer; Noah Shaw, Esq., General Counsel and Secretary; Sara LeCain, Senior Counsel; Amber Sisson, New York Power Authority; and various other staff of the Authority.

Mr. Kauffman called the meeting to order and noted the presence of a quorum. The meeting notice and agenda were forwarded to the Board members on April 16, 2019 and the press on April 17, 2019.

Before turning to the formal agenda, the Chair asked the Authority's President and CEO, Alicia Barton to provide the Members with an update on the Authority's recent activities. Ms. Barton highlighted efforts by the Authority to align with the statewide goals laid out in Governor Cuomo's State of the State address in January.

Mr. Kauffman indicated that the first item on the agenda was a report on items considered by the Governance Committee ("GC") from the GC's Chair, Shere Abbott. Ms. Abbott reported that the Committee received a presentation from General Counsel, Noah Shaw on proposed revisions to the Authority's Whistleblower Policy. Mr. Shaw explained that the Members are responsible for establishing whistleblower protections. In February 2019, the audit of the Authority's Ethics and Compliance Program was finalized. The audit included several observations and recommendations pertaining to the Authority's Whistleblower Policy, specifically: (1) referencing the Authority's Code of Conduct, rather than a Code of Ethics; (2) improving the investigation structure and reporting protocols; and (3) defining communication between the General Counsel and the Director of Internal Audit. Management concurred with all recommendations.

Ms. Abbott continued stating that the proposed amendments to the Authority's Whistleblower Policy incorporate each of the Director of Internal Audit's observations and recommendations.

The GC unanimously recommended the approval of the proposed amendments to the Authority's Whistleblower Policy.

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

Resolution No. 1552

RESOLVED, that the amendments to the Authority's Whistleblower Policy presented at this April 30, 2019 meeting are hereby approved and adopted.

Mr. Kauffman indicated that the next item on the agenda concerned a private session. Section 108 of the Public Officers Law authorizes the Members to convene in private session in order to review a matter made confidential by State Law. Since Section 2800 of the Public Authorities Law states that the Annual Confidential Board Member Performance Evaluation is confidential, it may be discussed by the Members in private session.

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

Resolution No. 1553

RESOLVED, that pursuant to Section 108 of the Public Officers Law and Section 2800 of the Public Authorities Law, the Members shall convene in private session on April 30, 2019 for the purpose of reviewing the Annual Confidential Board Member Performance Evaluation of the Authority.

Following the private session, Mr. Kauffman reconvened the meeting and noted that no formal action was taken.

Mr. Kauffman indicated that the next item on the agenda was the Annual Confidential Board Member Performance Evaluation considered by the GC. Ms. Abbott stated that the GC met in private session to discuss the results of the Members' evaluation of the Board's performance.

The GC unanimously recommended approval of the Annual Confidential Board Member Performance Evaluation Report and its submission to the Authorities Budget Office.

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

Resolution No. 1554

RESOLVED, that the Authority's Annual Confidential Board Member Performance Evaluation Report as presented at this April 30, 2019 meeting is hereby approved to be submitted pursuant to Section 2800 of the Public Authorities Law.

Mr. Kauffman indicated that the next item on the agenda was a report on items considered by the Audit and Finance Committee ("A&FC") to be presented by the A&FC's Chair, Jay Koh. Mr. Koh stated that the A&FC heard a detailed presentation from KPMG, LLP, the Authority's independent auditors, on their proposed process for conducting the fiscal year 2018-19 independent audit of the Authority's financial statements and NY Green Bank's financial statements. The A&FC was able to ask questions and 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 continued, stating that the A&FC also received a report from the Authority's Director of Internal Audit, Mary Peck, on her proposed Internal Audit Plan for Fiscal Year 2019-2020. Following a discussion, the A&FC voted to approve the 2019-2020 Audit Plan.

Mr. Koh completed his presentation by stating that the A&FC received a report from the Authority's Treasurer, Jeff Pitkin, on the Authority's cyber security efforts. The A&FC was able to ask questions and was pleased with Management's approach.

Mr. Kauffman indicated that the next item on the agenda was a report on items considered by the Program Planning Committee ("PPC"). Mark Willis, Chair of the PPC presented this item. Mr. Willis stated that the PPC received a report from Low-to-Moderate Income Program Manager, Christopher Coll on the Authority's Healthy Homes Initiative. The objective of this partnership between the Authority, the NYS Department of Health and other NYS agencies is to develop a framework that would allow managed care organizations to fund

residential energy efficiency measures for to low-to-moderate income households through the payment arrangements within the Medicaid Healthcare Delivery System.

Mr. Willis continued, stating that the PPC also received a presentation on the Authority's implementation of the Westchester Action Plan. Senior Vice President for Strategy and Market Development, Janet Joseph lead the discussion along with Director of Clean Heating and Cooling, Donovan Gordon and Director of Market Development, Patrick O'Shei. The Westchester Action Plan is one component of the Clean Energy Action Plan which has developed to provide options for businesses and residents affected by gas constraints focusing on energy efficiency and heat pump solutions in new construction and existing buildings.

Mr. Kauffman indicated that the next item on the agenda was a report on the approval of the amendments made to the Committee Charters. Noah Shaw, General Counsel of the Authority presented this item. Mr. Shaw 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. One of those responsibilities is to periodically review its Charter and determine what, if any, amendments need to be made. The Members are then tasked with reviewing the Committee Charters and any proposed changes.

The Committees have reviewed their Charters and no changes were recommended at this time.

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

Resolution No. 1555

RESOLVED, the Audit and Finance Committee Charter, the Governance Committee Charter, and the Program Planning Committee Charter, as presented to the Members for consideration at this April 30, 2019 meeting, with such non-substantive, editorial changes and grammatical changes as the President and Chief Executive Officer, in her discretion, may deem necessary or appropriate, are approved.

Mr. Kauffman indicated that the next item on the agenda was the periodic contracts report. Cheryl Glanton, Director of Contract Management, presented this item. Ms. Glanton stated that pursuant to Procurement and Program Contract Guidelines, the Members are requested to adopt a resolution approving certain contracts as listed in the Periodic Contracts Approval Report covering the period December 16, 2018 through March 15, 2019.

Ms. Glanton stated that Section 1 of the report indicates that the Authority initiated or modified 58 procurement contract actions with a period of performance in excess of one year, that total approximately \$15 million and represent routine contracting for goods and services; 6 program contracts competitively selected with a total value in excess of \$3 million, that total approximately \$515 million, including 4 land based Clean Energy Standard projects that total approximately \$514 million; and no non-competitive actions in excess of \$1 million.

Ms. Glanton continued, stating that Section 2 of the report indicated that the Authority anticipates executing or modifying: 31 procurement contract actions with a period of performance in excess of one year that total approximately \$12 million and represent routine contracting for goods and services; 14 program contracts competitively selected in excess of \$3 million that total approximately \$727 million dollars, including 9 land based Clean Energy Standard projects that total approximately \$717 million; and 1 program contract non-competitive action in excess of \$1 million. This modification is to add \$500K and extend the contract term for the contractor administering Commercial PACE Financing.

Ms. Glanton noted for the Members that a Periodic Program Contracts Report was included in their materials. During the period 469 program contracts were executed or modified with a value of \$621 million. This was fewer actions, but higher contract value than the prior period and the long-term average. Ms. Glanton highlighted that there were 4 large scale renewable contracts in the period with a value of approximately \$514 million. Additionally, approximately 99% of all contracts and approximately 99% of the aggregate committed value were competitively selected.

Ms. Glanton pointed out some observations from the report itself that were noteworthy changes from the prior period. NY Sun saw a significant increase in executed contracts due to program design changes, including a larger interconnection allowing up to 5 megawatts. The Grid Modernization Team executed 2 contracts for \$3.1 million for product development projects from the Electric Power Transmission and Distribution High Performing Electrical Grid solicitation.

Mr. Kauffman then noted that Counsel's office had compared the lists provided by Members of entities with which each Member is associated and which he or she believes may enter into contracts with the Authority, to the list of contracts in the Periodic Contracts Report for contracts 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. Counsel's office reported that there were no potential conflicts.

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

Resolution No. 1556

RESOLVED, that the Periodic Contracts Report, covering the period December 16, 2018 through March 15, 2019, 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.

Mr. Kauffman indicated that the next item on the agenda was a resolution reappointing Sherburne Abbott and Jay Koh, to the A&FC and reappointing Jay Koh as the Chair of the A&FC; reappointing Shere Abbott, Charles Bell, Jay Koh, and Mark Willis to the GC and reappointing Shere Abbott as the Chair of the GC; reappointing Sherburne Abbott, Charles Bell, Kenneth Daly, Jay Koh, Gil Quiniones, and Mark Willis to the PPC and reappointing Mark Willis as the Chair of the PPC; and reappointing Sherburne Abbott and Charles Bell to the Waste and Facilities Management Committee and reappointing Charles Bell as the Chair of

the Waste and Facilities Management Committee. Mr. Kauffman noted that the members were willing to serve in this capacity and that the Authority will benefit greatly from their time and attention.

Whereafter, upon motion duly made, and seconded and by voice vote of the Members present, the motion was carried.

Mr. Kauffman indicated that the next item on the agenda was a status report from the President of NY Green Bank (“NYGB”), Alfred Griffin. Mr. Griffin stated that NYGB closed \$280 million in transactions in fiscal year 2018-19, exceeding the goal of \$225 million, giving a three-year average of \$228 million a year. NYGB is now at \$737 million in cumulative commitments, leveraging approximately \$2 billion in total investment. A strong pipeline of continued activity has been maintained, in excess of \$500 million. Mr. Griffin highlighted that NYGB continues to be self-sufficient, with revenues exceeding expenses and losses. NYGB has successfully worked alongside the Authority over the past year to support key state priorities, such as the Energy Storage, the Solar Plus Storage, the On-Lease Improvement Finance for Energy Efficiency, and Low to Moderate Income Community Distributed Generation solicitations.

Mr. Griffin continued, stating that NYGB’s goal for the 2019-20 fiscal year would be \$225 million, bringing the cumulative commitments up to \$962.6 million. In order to meet these commitments, NYGB must continue to manage their team and operations in a manner that portfolio revenues continue to exceed operating expenses and portfolio losses, if there should be any. NYGB will continue its support of key New York State and Authority priorities in 2020, such as Offshore Wind, Energy Storage, and Transportation including electric vehicles and related infrastructure; all of which are considered strategic priorities within the NYGB team. Mr. Griffin noted that as Governor Cuomo had stated, NYGB will be seeking to raise third party capital of at least \$1 billion, assisting in reaching scale and standardization in New York State and across the nation, which will ultimately increase energy affordability for NYS consumers.

Mr. Kauffman indicated that the next item on the agenda was a report on the 76 West competition presented by Michael Shimazu, Senior Advisor for Business Growth and Innovation. Mr. Shimazu began by explain that 76 West was launched in 2015 at the direction of Governor Cuomo in his 2015 State of the State Address, as a \$20 million clean energy competition to bring innovation and investment in New York's Southern Tier. The first \$10 million of this \$20 million, was to be distributed in prizes over 4 years with an annual \$1 million top prize, and the other \$10 million going towards business support services. Through a competitive solicitation, the Authority selected Cornell University to administer the competition and provide marketing support.

Mr. Shimazu noted that at this point, there have been three competition rounds completed. The applications for 76 West have been evolving over time, in 2016 approximately 80% of the applicants were from NYS and in 2019 more than 50% of the applicants were from outside of NYS, including other countries. This change in applicant profiles can be attributed to the joint marketing effort between the Authority and Cornell University. There are 6 prizes awarded, top prize of \$1 million, second prize \$500,000, and four \$250,000 prizes; the awardees from the past 3 years of the competition have really begun to make an impact in the clean energy sector.

Throughout the lifetime of the 76 West program, there has been more than \$29 million in private capital invested post-76 West award. The ecosystem development impact that 76 West has had within the Southern Tier Clean Energy ecosystem, the competition, and the prize have attracted the attention of a number of people who are important to the success of clean energy growth, including the entrants and semifinalists, but also executives, investors and entrepreneurs. The executives, investors, and entrepreneurs have mentored the semifinalists and have now also mentored other clean energy companies in the region, have volunteered to judge early portions of the competition, and have found themselves volunteering to help the ecosystem in other ways.

Mr. Shimazu continued, noting that last year, outside of the company presentations, there were two clean energy investor events that brought new clean energy investors into the

Southern Tier, not only to meet the 76 West participants, but other clean energy companies in the Southern Tier and Upstate New York. Looking forward, the Authority will continue to be engaged in the clean energy ecosystem within the Southern Tier through existing programs like the Southern Tier Clean Energy Incubator, continue to manage the awards from the first four years, engage the awardees in the coming years, and there is potentially additional ecosystem funding.

The last item on the agenda was other business. Mr. Kauffman reminded members of the upcoming visit to the Western New York Nuclear Service Center and that the next meeting will be held on June 26, 2019.

There being no other business, the meeting was adjourned.

A handwritten signature in blue ink, consisting of several loops and a long horizontal stroke at the end, positioned above a horizontal line.

Noah C. Shaw
Secretary