

NEW YORK STATE ENERGY RESEARCH AND DEVELOPMENT AUTHORITY

Minutes of the 218th Meeting

Held on June 17, 2013

Pursuant to notice and an agenda dated June 5, 2013, the Annual Meeting (218th meeting) of the New York State Energy Research and Development Authority (“Authority” or “NYSERDA”) was convened on June 17, 2013, at 1:00 p.m., 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; and by video conference in the Authority’s West Valley Office at 9030-B Route 219, West Valley, New York.

The following Members of the Authority were present in Albany, unless otherwise indicated:

Francis J. Murray, Jr., President and CEO (acting as Chair for this meeting)

George F. Akel, Jr.

Garry A. Brown

Kevin Burke

Robert B. Catell (NYC)

David Elliman

Joe Martens

Elizabeth W. Thorndike, Ph. D.

Mark A. Willis (NYC)

Joan McDonald

Member John Koelmel was unable to attend.

Also present were Janet Joseph, Vice President for Technology and Strategic Planning; Thomas R. Barone, Acting Vice President for Operations and Energy Services; Jeffrey J. Pitkin, Treasurer; Hal Brodie, Esq., General Counsel; Sara L. LeCain, Esq., Senior Counsel; Cheryl L.

Earley, Director of Contract Management; Lynn Weiskopf, from the New York State Department of Transportation; and various other staff of the Authority.

Mr. Murray explained that as President and CEO, he is authorized by the Authority's By-laws to exercise the powers of the Authority's Chair when that position is vacant, as it is now. He stated that he was chairing the Board meeting and participating as a voting Member of the Authority. Mr. Murray then called the meeting to order and noted the presence of a quorum. He stated that the meeting notice and agenda were mailed to the Members and press on June 6, 2013. Mr. Murray directed that a copy of the notice and agenda be annexed to the minutes of the meeting.

Mr. Murray provided the Members with an update on recent activities of the Authority. Staff have been deeply engaged with the Superstorm Sandy recovery efforts. Hal Brodie and Todd Baldyga have been working with staff on the Gas Station Back-Up Power Program; John Williams and his team have been working with colleagues at the Office of General Services to develop a strategic fuel reserve as well as analyzing how to harden the fuel supply system; and Mark Torpey and his group have been working on a legislatively mandated study of micro-grids.

Next, Mr. Murray indicated that staff have been working on the development of the Green Bank. Jeffrey J. Pitkin, the Authority's Treasurer, is heading the operation with a project team and steering committee that is working with the Governor's office. In addition, the Authority has retained Booz & Company Inc. as a consultant to assist in market research and the development of the Bank. Mr. Murray indicated that staff is working on a very tight time frame and will be providing the Members with more information at the September 2013 meeting.

Mr. Murray continued his report with an update on the Cleaner Greener Communities program. The first round of funding for program implementation grants - \$30 million - is being offered through the Consolidated Funding Application as part of the Regional Economic Development Initiative.

With respect to other Authority initiatives, Mr. Murray indicated that the Authority recently issued a solicitation for \$10 million seeking proposals to implement projects to improve the grid in New York State. Last week the New York BEST Consortium announced that it has signed an agreement with DNV KEMA to operate two testing facilities at the Eastman Business Park in Rochester to develop more efficient battery technology. Mr. Murray reported that next week, the Authority is hoping to announce the newest round of Renewable Portfolio Standard (“RPS”) awards, as well as the next round of funding under the NY-Sun Initiative.

Lastly, Mr. Murray congratulated Mr. Catell and SUNY Stony Brook on the successful Advanced Energy Conference.

Mr. Murray stated that the first several items on the agenda pertained to matters addressed by the Audit and Finance Committee (“A&FC”) earlier that day, and he asked Committee Chair Bob Catell for a report. Mr. Catell stated that the A&FC reviewed the Annual Investment Report for the fiscal year that ended March 31, 2013, and the proposed 2013 Investment Guidelines. The Investment Report was reviewed in both open session and in executive session with only the independent auditors present. The Report indicates that the Authority’s overall investments increased from \$1.017 billion to \$1.081 billion, principally from collections for the RPS, the System Benefits Charge Programs, and Technology and Market Development Programs which were in excess of program expenditures for the year, and also from funding received from the sale of auction allowances under the Regional Greenhouse Gas Initiative (“RGGI”) due to the deferred collection schedule established by the Public Service Commission (“PSC”) to better match the timing of expenditures and collections. As a result of gains realized on the sale of investments to meet cash flow needs and higher average investment balances, total interest earnings for the fiscal year ended March 31, 2013 were \$10.6 million, compared to \$11.7 million for the prior year. The rate of return decreased to 1.0%, compared to 1.2%, in the prior year.

Mr. Catell stated that the Authority’s independent auditors reviewed the Investment Report and said that nothing came to their attention that indicated that the Authority was not in compliance with the Investment Guidelines. No changes to the Investment Guidelines for the

upcoming fiscal year are recommended. Mr. Catell stated that the A&FC unanimously recommended that the Board approve the Annual Investment Report and Investment Guidelines.

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

Resolution No. 1358

RESOLVED, that the “Investment Guidelines, Operative Policy and Instructions (June 2013),” as presented at this June 17, 2013 meeting, are approved and adopted; and

BE IT FURTHER RESOLVED, that the Authority's “2012-13 Annual Investment Report,” for the year ended March 31, 2013, as presented at this June 17, 2013 meeting, is approved and adopted as the annual investment report of the Authority required by Section 2800 and Section 2925(6) of the Public Authorities Law.

Mr. Murray next asked Mr. Catell to report on the Annual Investment Report for the NYSERDA Other Post-Employment Benefits (“OPEB”) Trust for the year ended March 31, 2013 and the “Investment Policy Statement for the NYSERDA OPEB Trust (June 2013).” Mr. Catell stated that the A&FC reviewed the Annual Investment Report for the year that ended March 31, 2013, and the proposed 2013 Investment Policy Statement for the NYSERDA OPEB Trust. The Investment Report was reviewed in both open session and in executive session with only the independent auditors present. The Authority has contributed \$21.6 million to the Trust, has earned about \$1.5 million in investment income, has expended about \$1.9 million in benefit payments, and has incurred about \$63,000 in administrative expenses, leaving a balance of \$21.3 million in the Trust as of March 31, 2013. The market value of the Trust’s assets on March 31, 2013 was \$25.2 million, reflecting an appreciation of \$3.8 million in the Trust’s assets and resulting in a 7% total return on the Authority’s contributions for the year. Mr. Catell stated that no changes are recommended to the Investment Policy Statement.

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

Resolution No. 1359

RESOLVED, that the “NYSERDA OPEB Trust Investment Report” for the year ended March 31, 2013, as presented at this June 17, 2013 meeting, is approved and adopted as the annual investment report of the NYSERDA OPEB Trust required by Section 2800 and Section 2925(6) of the Public Authorities Law; and

BE IT FURTHER RESOLVED, that the “Policy Statement for the NYSERDA OPEB Trust (Retiree Health Insurance Benefits Trust)” as presented at this June 17, 2013 meeting, is approved and adopted.

Mr. Murray stated that the next agenda item was a review of the Financial Statements of the Authority for fiscal year 2012-13, and he asked Mr. Catell to present this item. Mr. Catell stated that the A&FC reviewed the Financial Statements for the recently completed fiscal year. Peter Mahar, Controller and Assistant Treasurer, summarized significant changes compared to last year’s financial statements. After Mr. Mahar’s presentation, the A&FC met in Executive Session with the independent auditors, where there was ample and detailed review of the Authority’s investments and financial condition. No substantive problems were identified.

Mr. Catell stated that the independent auditors will issue an unqualified opinion on the Financial Statements and that the A&FC unanimously recommended approval of the Financial Statements.

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

Resolution No. 1360

RESOLVED, that the Authority's Financial Statements as of March 31, 2013, as presented at this June 17, 2013 meeting, are adopted and approved as the financial reports required by Sections 1867(1) and 2800 of the Public Authorities Law.

Mr. Catell thanked the Authority’s staff for its hard work that resulted in the issuance of a clean audit report by KPMG, LLC (“KPMG”).

Mr. Murray stated that the next agenda item was approving the appointment of the Authority's independent auditors for fiscal year 2013-14, and he asked Mr. Catell to address this item. Mr. Catell stated that the Members are asked to approve a resolution appointing KPMG, LLP as the independent auditors of the Authority for the fiscal year ending March 31, 2013 and for the independent audit of the NYSERDA OPEB Trust. KPMG was competitively selected under an RFP issued in 2011. The Authority may renew the agreement annually for four, one-year extensions, with annual adjustments to the fees. This will be the second annual renewal. Mr. Catell stated that the engagement letter from the auditors indicating the services they will provide in conjunction with the audit was provided to the Members and is consistent with the prior independent auditor's services. The proposed fee for both audits for fiscal year 2013-14 will not exceed \$64,900. Mr. Catell stated that the A&FC unanimously recommended that the Members continue to retain KPMG, LLP.

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

Resolution No. 1361

RESOLVED, that the Chair is authorized to retain the firm of KPMG, LLP as independent auditors for the Authority and for the NYSERDA OPEB (Other Post-Employment Benefits) Trust for the fiscal year ending March 31, 2014.

Mr. Murray stated that the Board would next consider approval of the annual bond sale report, and he asked Mr. Catell to address this item. Mr. Catell stated that the report indicates that, during fiscal year 2012-13, the Authority participated in the process for converting four series of bonds, the details of which are contained in the report. In addition, the report includes a schedule of Authority bonds that are outstanding as of March 31, 2013, which totals about \$3.4 billion. He stated that the A&FC unanimously recommended approval by the Members of the Annual Bond Sale Report.

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

Resolution No. 1362

RESOLVED, that the Authority's Annual Bond Sales Report for the fiscal year April 1, 2012 through March 31, 2013, and the information contained therein, as presented at this June 17, 2013 meeting, is adopted and approved for submission pursuant to Section 2800 of the Public Authorities Law.

Mr. Murray indicated that the next item considered by the A&FC was a proposed issuance of bonds on behalf of the Authority to help finance the Authority's Green Jobs-Green New York ("GJGNY") Program. Mr. Catell explained that the Members received a report from Treasurer Jeff Pitkin on the request for the Members to adopt an implementing resolution authorizing the issuance of bonds in an anticipated aggregate principal amount not to exceed \$24,362,450, to finance residential energy efficiency loans issued through the GJGNY Program. The bonds will be supported by a pledge of loan repayments from residential energy efficiency loans issued through the program with an outstanding balance of about \$24.2 million as of March 31, 2013 plus loans expected to be issued through September 30, 2013 in a principal amount not expected to exceed \$5 million. Proceeds from the bonds will be used to replenish the GJGNY revolving loan fund used to initially fund loans.

The bonds will be issued as fixed-rate, taxable bonds with scheduled serial maturities structured to generally correspond to scheduled cash flow payments due from pledged loans. The final maturity will be no greater than fifteen years from issuance of the bonds.

The bonds will use a portion of the State's Qualified Energy Conservation Bond ("QECCB") allocation. QECCBs provide a direct subsidy reimbursement from the U.S. Treasury for a substantial portion of the interest costs anticipated on the bonds.

The Bond Indenture will require that the Authority determine on a quarterly basis that Projected Net Revenues are at least 110% of the maximum annual debt service for each future bond payment date.

The bonds will be supported by a guarantee from the New York State Environmental Facilities Corporation ("EFC") through its Clean Water State Revolving Fund. The Indenture

will require that any shortfalls in loan collections would first require the Authority to satisfy the shortfall using available revenues from the GJGNY revolving loan fund. If there were no funds available in the revolving loan fund, or if the funds were insufficient, then the Trustee would require EFC, as Guarantor of the bonds, to provide funding to meet the scheduled principal and interest due on the bonds. Through a Reimbursement Agreement with EFC, the Authority will establish a collateral reserve account held by a custodian, funded with \$8,512,581 from the Authority's U.S. Department of Energy Better Buildings grant, which will be used to secure the EFC guarantee. The Authority would be obligated to replenish any draw downs from the collateral reserve account from future loan collections or from a purchase of pledged loans from monies held in the GJGNY revolving loan fund. The collateral reserve account required balance will be reduced pro-rata with the balance of outstanding bonds. The Indenture and the Reimbursement Agreement will allow withdrawal of excess funds provided that the funds retained under the Indenture plus Projected Net Revenues exceed 120% of the maximum annual debt service for each future bond payment date. The funds withdrawn would replenish the GJGNY revolving loan fund. The Authority will pay EFC an annual administrative fee of .25% of the outstanding principal amount of the guaranteed bonds and will reimburse EFC expenses for rating agency fees, counsel fees, trustee and trustee counsel fees, and financial advisor fees. The guarantee from EFC is subject to approval by its Board which is scheduled to review the transaction at its meeting on June 27, 2013.

The bonds have been structured so that estimated loan repayments and other pledged revenues, after anticipated loan defaults, are expected to be about \$4 million or 14% higher than the anticipated debt service on the bonds. Staff reviewed its assumptions used in developing the loan loss assumptions, which have been based on performance history obtained from other residential energy efficiency loan portfolios. Over time, loan defaults may be less than or more than anticipated. If loan defaults are higher than anticipated, the Authority will be required to pledge additional loans in order to meet debt service coverage ratio requirements in both the Indenture and Reimbursement Agreement.

The bonds are anticipated to achieve at least an "AA" category level rating. Based on the anticipated rating and current interest rate, staff estimate a weighted average interest rate of

about 3.2% on the bonds. The QECB subsidies are expected to reduce the net interest costs on the bonds to a rate of about .8%.

The proposed bonds will require the approval of the Public Authorities Control Board, and certain aspects will require approval by the State Comptroller and the Department of Taxation and Finance.

The resolution requests the Members' authorization to designate the officers as Authorized Representatives to execute various agreements in connection with the bonds. Drafts of these agreements have been provided to the Members, and the resolution authorizes amending these agreements as necessary. The resolution also authorizes the Authorized Representatives to approve the Preliminary Official Statement and Official Statement in connection with the sale of the bonds. A draft Preliminary Official Statement has been provided to the Members, but it is still being reviewed by the working group. Therefore, if there are substantive changes to the document, the Authorized Representatives will consult with the Chair of the A&FC and one other Member of the A&FC to finalize the Preliminary Official Statement.

The resolution describes the role of the loan originator and the loan servicer. It also authorizes the Authorized Representatives to appoint a backup servicer for the pledged loans.

The A&FC unanimously recommended approval of the Residential Energy Efficiency Financing Revenue Bonds.

Mr. Murray indicated that the cooperation from EFC has made this transaction possible. It is an example of how multiple entities can work together for a common goal. This is a new financing technique that will become a model for the rest of the nation.

In response to an inquiry from Mr. Willis, Mr. Pitkin indicated that 80% of the loans issued by the Authority would need to default before there would be a problem paying the debt. The QECB reimbursement will be used to lower the overall interest cost on the bonds, which will allow the Authority to leverage more loans.

In response to an inquiry from Mr. Burke, Mr. Pitkin indicated that current funding would allow for 1-2 years worth of loans. However, the documents allow for further bond issuances if additional funding is needed.

Whereafter, upon motion duly made and seconded, and by voice vote of the Members present, the following resolution was adopted. Mr. Martens abstained from the vote. Mr. Brown did not vote on this matter.

Resolution No. 1363

WHEREAS, pursuant to special act of the Legislature of the State of New York (Title 9 of Article 8 of the Public Authorities Law of New York, as from time to time amended and supplemented, herein called the “Act”), the New York State Energy Research and Development Authority (the “Authority”) has been established as a body corporate and politic, constituting a public benefit corporation; and

WHEREAS, pursuant to the Act, the Authority is authorized to issue bonds and notes to provide sufficient moneys for achieving the Authority’s corporate purposes, including the establishment of reserves to secure the bonds and notes and the payment of interest on bonds and notes; and

WHEREAS, pursuant to the Act, the Authority is also empowered to extend credit and make loans from bond proceeds to any person for the construction, acquisition, installation of, or for the reimbursement to any person for costs in connection with, any special energy project, including, but not limited to, any land, works, system, building, or other improvement, and all real and personal properties of any nature or any interest in any of them which are suitable for or related to the furnishing, generation, production, transmission, or distribution of energy or energy resources; and

WHEREAS, pursuant to special act of the Legislature of the State of New York (Title 9-A of Article of the Public Authorities Law of New York, as from time to time amended and supplemented, herein called the “Green Jobs – Green New York Program”), the Authority has been authorized to use innovative financing mechanisms to finance energy efficiency improvements through energy cost savings; and

WHEREAS, the Authority will issue bonds in one or more series in an aggregate principal amount not to exceed \$24,362,450 to be designated “Residential Energy Efficiency Financing Revenue Bonds, Series 2013A” (the “Bonds”) and with such additional or different designations as may be set forth in

the Indenture (hereinafter defined) for the purpose of financing residential energy efficiency loans through the Green Jobs – Green New York Program; and

WHEREAS, the Bonds are to be issued pursuant to an Indenture of Trust (the “Master Indenture”), as supplemented by a First Supplemental Indenture of Trust (the First Supplemental Indenture” and, together with the Master Indenture, the “Indenture”), between the Authority and The Bank of New York Mellon, as trustee (The Bank of New York Mellon as trustee, or any successor trustee under such Indenture, hereinafter referred to as the “Trustee”), a copy of the draft forms of which have been set before this meeting; and

WHEREAS, the Authority has entered into an agreement with Wisconsin Energy Conservation Corporation d/b/a Energy Finance Solutions, a not-for-profit corporation, to serve as a loan originator under the Green Jobs – Green New York Program; and

WHEREAS, the Authority has entered into an agreement with Concord Servicing Corporation who will act as the loan servicer and will be the custodian of the original promissory notes for the loans issued under the Green Jobs – Green New York Program; and

WHEREAS, the Authority will enter into an agreement with First Associates Loan Servicing, LLC to act as the back-up loan servicer and custodian should Concord Servicing Corporation be unable to act as loan servicer; and

WHEREAS, the proceeds of the Bonds will be used to reimburse the Green Jobs-Green New York Program revolving loan fund for loans originated and outstanding through March 31, 2013 and to provide funding for new loans originated and to be originated under the Green Jobs – Green New York Program thereafter; and

WHEREAS, the Authority will pledge repayment of loans that are issued under the Green Jobs – Green New York Program as security for the Bonds; and

WHEREAS, the Bonds will be supported by a guarantee from the New York State Environmental Facilities Corporation (“EFC”) issued under its Clean Water State Revolving Fund Program for the scheduled payment of principal and interest on the Bonds and the Authority will enter into a Reimbursement Agreement (the “Reimbursement Agreement”) with EFC relating thereto; and

WHEREAS, pursuant to the Reimbursement Agreement the Authority will commit to reimburse EFC in the event such guarantee is drawn upon and establish a collateral reserve account (the “Collateral Reserve Account”), initially funded with \$8,512,581 from the Authority’s U.S. Department of Energy Better Buildings Grant, which will be used to reimburse EFC if repayments on loans and

other available Authority moneys are insufficient to meet bond principal and interest payments; and

WHEREAS, Citigroup Global Markets Inc., as lead manager, acting on behalf of itself or as representatives of several underwriters (the "Underwriters"), pursuant to the terms of a Bond Purchase Agreement among the Authority and the Underwriters (the "Purchase Contract"), propose to purchase the Bonds from the Authority and offer the Bonds to the public pursuant to the terms of such Purchase Contract, a copy of the draft form which has been set before this meeting; and

WHEREAS, it is expected that the Bonds will be offered by the Underwriters pursuant to a preliminary official statement or offering memoranda relating thereto (each hereinafter referred to as a "Preliminary Official Statement"), in substantially the form of the draft preliminary official statement set forth before this meeting, with such revisions thereto as may be approved by an Authorized Representative (hereinafter referred to) of the Authority and one or more final official statements or offering memoranda (each being hereinafter referred to as an "Official Statement") to be approved by an Authorized Representative;

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE NEW YORK STATE ENERGY RESEARCH AND DEVELOPMENT AUTHORITY AS FOLLOWS:

Section 1. The offering, issuance, sale, and delivery of the Bonds upon the terms and conditions and for the purposes described in the Indenture and this resolution are hereby authorized. The Bonds shall be issued in one or more series in an aggregate principal amount not to exceed \$24,362,450 and shall bear interest at rates determined by the Chair, the Vice Chair, the President and CEO, the Vice Presidents, the Treasurer, or the Secretary of the Authority (collectively, the "Authorized Representatives"). The Bonds shall bear interest at a fixed rate of interest not to exceed seven per cent (7%) per annum. The Bonds shall mature no later than fifteen years after the date of issuance thereof. The Bonds shall be dated, have the final maturity, have the designation or designations, be subject to redemption, be payable as to principal, premium, if any, and interest, and have such other provisions all as set forth in the Indenture. The form of the Bonds and all other provisions with respect thereto shall be as set forth in the Indenture or determined in the manner set forth therein. No Bonds shall be issued pursuant to this resolution after June 17, 2014.

Section 2. Subject to the limitations set forth in Section 1 hereof, the Authorized Representatives are each hereby authorized to determine on behalf of the Authority with respect to the Bonds: the aggregate principal amount, the interest rates the Bonds shall bear and the particular redemption and purchase provisions of the Bonds. Any such determination shall be conclusively evidenced

by the execution and delivery by an Authorized Representative of an indenture or other document setting forth such determination.

Section 3. The Authorized Representatives are each hereby authorized to execute, acknowledge, and deliver the Indenture, the Reimbursement Agreement, and a Continuing Disclosure Agreement, each with such amendments, supplements, changes, insertions, and omissions to as such Authorized Representative shall approve. Execution of such documents by an Authorized Representative shall be conclusive evidence of any approval required by this Section. Any Authorized Representative, the Assistant Treasurer, and the Assistant Secretary of the Authority are each hereby authorized to affix the seal of the Authority on such documents and attest the same.

Section 4. The Authority hereby approves the transfer of \$8,512,581 from moneys derived from the Authority's U.S. Department of Energy Better Buildings Grant, to the Collateral Reserve Account as security for the obligations of the Authority under the Reimbursement Agreement and the Authorized Representatives are each hereby authorized to execute and deliver a custodial agreement (the "Custodial Agreement") relating to such Collateral Reserve Account.

Section 5. The Authority authorizes each Authorized Representative to enter into the Purchase Contract. The Authorized Representatives of the Authority are each hereby authorized to determine the purchase price of the Bonds and are further authorized to execute, acknowledge, and deliver the Purchase Contract with such amendments, supplements, changes, insertions, and omissions to the draft form presented to this meeting as may be approved by any such Authorized Representative, including, but not limited to, changes necessary to reflect any determination or approval required or authorized by this Section. The execution of a Purchase Contract by any Authorized Representative shall be conclusive evidence of any determination or approval required or authorized by this Section. The purchase price to the Underwriters of the Bonds shall not be less than 97% of the principal thereof. In no event shall the compensation paid to the Underwriters in connection with the initial offering of the Bonds exceed 1% of the principal amount thereof whether such compensation is paid directly by the Authority or in the form of discount to the Underwriters.

Section 6. The Bonds shall be executed in the manner and upon the terms and conditions provided in the Indenture and shall be delivered to the Trustee for proper authentication and delivery at the direction of the Underwriters, upon instructions to that effect. The Bank of New York Mellon is hereby designated Trustee and Registrar and Paying Agent for the Bonds. In the event that The Bank of New York Mellon shall resign as Trustee or Registrar and Paying Agent, or otherwise be unable to act as Trustee, the Authorized Representatives of the Authority are each authorized to designate a successor to act in such capacity. The Bonds shall be executed in the manner and upon the terms and conditions

provided in the Indenture and shall be delivered to the Trustee for proper authentication and delivery to the Underwriters, upon instructions to that effect.

Section 7. The Authority authorizes the Authorized Representatives to approve the Preliminary Official Statement and the Authority approves the use in accordance with the applicable legal requirements of Preliminary Official Statements and Official Statements in connection with the offering and sale of the Bonds by the Underwriters, with such amendments, supplements, changes, insertions, and omissions to or from the draft form of the Preliminary Official Statement presented to this meeting as may be approved by an Authorized Representative, including, but not limited to, changes necessary to reflect any determination made pursuant to the provisions of Sections 1, 2, 3, or 4 hereof. Any Authorized Representative of the Authority is hereby authorized and directed to execute one or more final Official Statements in the name and on behalf of the Authority, and thereupon cause such final Official Statements to be delivered to the Underwriters. Any such approval shall be conclusively evidenced by such Authorized Representative's execution and delivery thereof. The Authorized Representatives are hereby authorized to provide any appropriate disclosure as part of the Preliminary Official Statements and Official Statements, including but not limited to the use of the Authority's financial statements. The foregoing approvals shall not be deemed to constitute an acknowledgment by the Authority of any responsibility for information contained therein which has been furnished by the Underwriters, The Depository Trust Company, or any other party.

Section 8. The Authorized Representatives are each hereby authorized to qualify the Bonds, or such portion thereof as the Underwriters may request, for offering and sale under the securities or Blue Sky Laws of any jurisdiction, provided that the Authority shall not be required to consent to local service of process in any jurisdiction. The Authorized Representatives are each hereby authorized to perform on behalf of the Authority in cooperation with the Underwriters any and all such acts as they may determine to be necessary or desirable in order to comply with the applicable laws of any states and in connection therewith to execute and file all appropriate papers and documents, including, but not limited to, applications and reports, the execution by an Authorized Representative of any such paper or documents or the doing by him or her of any such act to establish conclusively his or her authority therefor.

The Authorized Representatives of the Authority, in accordance with the provisions of the Indenture, are hereby authorized to give notice of, or direct, the conversion of the method of determining the interest rate applicable to the Bonds. The Authorized Representatives are each, hereby authorized to approve, execute, and deliver any offering document authorized hereby or amendment or supplement to the Indenture and related financing documents in connection with any conversion and remarketing of the Bonds that he or she may determine to be necessary or desirable, including, but not limited to, the designation of an Auction Agent and Broker-Dealers.

Section 9. The Authorized Representatives are each hereby authorized and directed to execute and deliver any such other agreements, documents, or certificates (including, but not limited to, any agreements, documents, or certificates deemed necessary or proper to evidence or establish compliance with applicable provisions of the Internal Revenue Code of 1986, as amended relating to Qualified Energy Conservation Bonds), to do and cause to be done any such other acts and things and to make such other changes, omissions, insertions, revisions, or amendments to the documents referred to in Sections 1 through 8 of this resolution as they may determine necessary or proper for carrying out, giving effect to, and consummating the transactions contemplated by this resolution, the Indenture, the Purchase Contract, the Official Statement, the Reimbursement Agreement, the Custodial Agreement, or the Continuing Disclosure Agreement delivered pursuant thereto.

Section 10. Wisconsin Energy Conservation Corporation d/b/a Energy Finance Solutions has been authorized to serve as loan originator for the pledged loans. Concord Servicing Corporation has been authorized to serve as loan servicer for the pledged loans and First Associates Loan Servicing, LLC is hereby authorized to serve as backup servicer. The Authorized Representatives are hereby authorized to approve the appointment of a successor loan originator, loan servicer and backup loan servicer for the pledged loans as necessary.

Mr. Murray stated that the next item considered by the A&FC was a proposed refunding of two series of bonds on behalf of the New York State Electric & Gas Corporation (“NYSEG”). Mr. Catell explained that the A&FC received a report from Mr. Pitkin with a request to adopt an implementing resolution, on behalf of NYSEG authorizing the issuance of bonds in an aggregate principal amount not to exceed \$74,000,000 to refund two subseries of bonds previously issued by the Authority (“Refunding Bonds”).

The Refunding Bonds are currently projected to save approximately \$10.7 million in interest cost savings on a present value basis over the term of such bonds when compared to the debt service on the prior bonds. Interest savings will accrue to the benefit of NYSEG’s ratepayers in accordance with the company’s rate plans as approved by the PSC.

NYSEG has requested the Authority grant another waiver, similar to one granted in 2010, of the Authority’s rating requirements with respect to the Refunding Bonds that require a letter or credit be provided if the company is rated below an “A” rating if the bonds are issued in a term rate in excess of 13 months or at a fixed rate, due to the limited availability and cost of

letters of credit. The Refunding Bonds would have to be rated at least BBB by Standard and Poors Financial Services LLC and Baa2 by Moody's Analytics Inc.

The proposed refunding will require the approval of the Public Authorities Control Board, and certain aspects will require approval by the State Comptroller of the Department of Taxation and Finance.

The A&FC unanimously recommended approval of the refunding of bonds on behalf of NYSEG.

Whereafter, upon motion duly made and seconded, and by voice vote of the Members present, the following resolution was adopted. Mr. Brown did not vote on this matter.

Resolution No. 1364

WHEREAS, pursuant to special act of the Legislature of the State of New York (Title 9 of Article 8 of the Public Authorities Law of New York, as from time to time amended and supplemented, herein called the "Act"), the New York State Energy Research and Development Authority (the "Authority") has been established as a body corporate and politic, constituting a public benefit corporation; and

WHEREAS, pursuant to the Act, the Authority is empowered to contract with any power or gas company to participate in the construction of facilities to be used for the furnishing of electric energy or gas to the extent required by the public interest in development, health, recreation, safety, conservation of natural resources, and aesthetics; and

WHEREAS, pursuant to the Act, the Authority is also empowered to extend credit and make loans from bond proceeds to any person for the construction, acquisition, installation of, or for the reimbursement to any person for costs in connection with, any special energy project, including, but not limited to, any land, works, system, building, or other improvement, and all real and personal properties of any nature or any interest in any of them which are suitable for or related to the furnishing, generation, production, transmission, or distribution of energy or energy resources; and

WHEREAS, the Authority is also authorized under the Act to borrow money and issue its negotiable bonds and notes to provide sufficient moneys for

achieving its corporate purposes, including the refunding of outstanding obligations of the Authority; and

WHEREAS, New York State Electric & Gas Corporation, a public utility corporation doing business in the State of New York (the "Corporation") has requested that the Authority participate in the refunding of the Authority's \$74,000,000 Pollution Control Refunding Revenue Bonds (New York State Electric & Gas Corporation Project) 1994 Series D-1 and 1994 Series D-2 (the "Prior Bonds"), which were issued to finance a portion of the costs of construction of certain pollution control and other facilities (the "Project"), \$74,000,000 of which is currently outstanding; and

WHEREAS, the Corporation has requested that the Authority issue its bonds in one or more series in an aggregate principal amount not to exceed \$74,000,000 to be designated "Pollution Control Revenue Bonds, 201_ Series __ (New York State Electric & Gas Corporation Project)" (the "Bonds") and with such additional designations as may be set forth in the Indenture (hereinafter defined) for the purpose of refunding the Prior Bonds; and

WHEREAS, the Bonds are to be issued pursuant to an Indenture of Trust (the "Indenture"), between the Authority and The Bank of New York Mellon, as trustee (The Bank of New York Mellon as trustee, or any successor trustee under such Indenture, hereinafter referred to as the "Trustee"), a copy of the draft form of which has been set before this meeting; and

WHEREAS, the proceeds of the Bonds are expected to be advanced to the Corporation pursuant to a Participation Agreement between the Authority and the Corporation (the "Participation Agreement"), a copy of the draft form of which has been set before this meeting; and

WHEREAS, at the request of the Corporation, one or more of Banc of America Securities LLC and Citigroup Global Markets Inc., acting on behalf of themselves or as representatives of several underwriters (the "Underwriters"), pursuant to the terms of a Bond Purchase Agreement among the Authority, the Corporation, and the Underwriters (the "Purchase Contract"), propose to purchase the Bonds from the Authority and offer the Bonds to the public pursuant to the terms of such Purchase Contract, in substantially the form which has been set before this meeting; and

WHEREAS, it is expected that the Bonds will be offered by the Underwriters pursuant to a preliminary official statement relating thereto (each hereinafter referred to as a "Preliminary Official Statement"), in substantially the form of the related draft preliminary official statement set before this meeting and one or more final official statements (each being hereinafter referred to as an "Official Statement") to be approved by an Authorized Officer (hereinafter referred to as an "Authorized Representative") of the Authority;

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE NEW YORK STATE ENERGY RESEARCH AND DEVELOPMENT AUTHORITY AS FOLLOWS:

Section 1. The Authority hereby determines that the facilities comprising the Project constitute facilities which the Authority is authorized to finance by the issuance of Bonds and that the Authority's participation in the refunding of the Prior Bonds is in the public interest. In making such determination, the Authority makes no finding as to adequacy or appropriateness of the Project for the purposes for which they have been constructed or as to compliance of the Project or such facilities with statutes or regulations other than the Act.

Section 2. The offering, issuance, sale, and delivery of the Bonds upon the terms and conditions and for the purposes described in the Indenture, the Participation Agreement, and this resolution are hereby authorized. The Bonds shall be issued in one or more series in an aggregate principal amount not to exceed \$74,000,000, and shall bear interest at a rate initially determined by the Chair, the Vice Chair, the President and CEO, the Vice Presidents, the Treasurer, or the Secretary of the Authority (collectively, the "Authorized Representatives") and thereafter determined from time to time in the manner described in the Indenture. The Bonds shall bear interest at a Term Rate not to exceed three and one-half per cent (3.5%) per annum. The Bonds shall mature no later than October 1, 2029, or such later final maturity date approved by an Authorized Representative and not adversely affecting the tax-exempt status of the Bonds under Federal tax laws. The Bonds shall be dated, have a final maturity, have the designation or designations, be subject to redemption, be subject to mandatory purchase, be payable as to principal, premium, if any, and interest, and have such other provisions all as set forth in the Indenture. The form of the Bonds and all other provisions with respect thereto shall be as set forth in the Indenture or determined in the manner set forth therein. No Bonds shall be issued pursuant to this resolution after June 17, 2014.

Section 3. Subject to the limitations set forth in Section 2 hereof, the Authorized Representatives are hereby authorized to determine on behalf of the Authority with respect to the Bonds: the aggregate principal amount, the initial interest rate the Bonds shall bear, and the particular redemption and purchase provisions of the Bonds. Any such determination shall be conclusively evidenced by the execution and delivery by an Authorized Representative of an indenture or other document setting forth such determination.

Section 4. The form and substance of the draft Indenture and the draft Participation Agreement presented to this meeting, and made part of this resolution as though set forth in full herein, are hereby approved. The Authorized Representatives are each hereby authorized to execute, acknowledge, and deliver the Indenture and the Participation Agreement, each with such amendments, supplements, changes, insertions, and omissions to or from the draft forms

submitted to this meeting as may be approved by such Authorized Representative. The execution of such documents by an Authorized Representative shall be conclusive evidence of any approval required by this Section. Any Authorized Representative, the Assistant Treasurer, and the Acting Secretary of the Authority are each hereby authorized to affix the seal of the Authority on such documents and attest the same.

Section 5. The form and substance of the draft Purchase Contract presented to this meeting are hereby approved. The Authorized Representatives of the Authority are each hereby authorized to determine the purchase price of the Bonds and are further authorized to execute, acknowledge, and deliver the Purchase Contract in substantially the form of the purchase agreements presented to this meeting with such amendments, supplements, changes, insertions, and omissions as may be approved by any such Authorized Representative, including, but not limited to, changes necessary to reflect any determination or approval required or authorized by this Section. The purchase price to the Underwriters of the Bonds shall not be less than 97% of the principal thereof. In no event shall the compensation paid to the Underwriters in connection with the initial offering of the Bonds exceed 1% of the principal amount thereof whether such compensation is paid directly by the Corporation or in the form of discount to the Underwriters.

Section 6. The Bonds shall be executed in the manner and upon the terms and conditions provided in the Indenture and shall be delivered to the Trustee for proper authentication and delivery at the direction of the Underwriters, upon instructions to that effect. Pursuant to the request of the Corporation, The Bank of New York Mellon is hereby designated Trustee and Registrar and Paying Agent for the Bonds. In the event that The Bank of New York Mellon shall resign as Trustee or Registrar and Paying Agent, or otherwise be unable to act as Trustee, the Authorized Representatives of the Authority are each authorized to designate a successor to act in such capacity. The Bonds shall be executed in the manner and upon the terms and conditions provided in the Indenture and shall be delivered to the Trustee for proper authentication and delivery to the Underwriters, upon instructions to that effect.

Section 7. The form and substance of the draft Preliminary Official Statement presented to this meeting are hereby approved and the Authority approves the use in accordance with the applicable legal requirements of preliminary official statements and official statements in connection with the offering and sale of the Bonds by the Underwriters, with such amendments, supplements, changes, insertions, and omissions to or from the draft form of the Preliminary Official Statement presented to this meeting as may be approved by an Authorized Representative including, but not limited to, changes necessary to reflect any determination made pursuant to the provisions of Sections 2, 3, 4, or 5 hereof. Any Authorized Representative of the Authority is hereby authorized and directed to execute one or more Preliminary Official Statements and final Official Statements in the form approved pursuant to the preceding sentence, in the name

and on behalf of the Authority, and thereupon cause such Preliminary Official Statement and final Official Statement to be delivered to the related Underwriters. Any such approval shall be conclusively evidenced by such Authorized Representative's execution and delivery thereof. The foregoing approvals of the draft form of Preliminary Official Statements presented to this meeting shall not be deemed to constitute an acknowledgment by the Authority of any responsibility for information contained therein or in any subsequent preliminary or final Official Statement which has been furnished by the Corporation, the provider of any liquidity or support facility, the Underwriters, The Depository Trust Company, or any other party.

Section 8. The Bank of New York Mellon is hereby designated as Registrar and Paying Agent for the Bonds. In the event that any such entity shall resign, or the Corporation shall request the removal of any such entity, from any of its respective capacities or any such entity shall otherwise be unable to act in any of such capacities, the Authorized Representatives of the Authority are each authorized to designate a successor or successors to act as Registrar and Paying Agent. All capitalized terms used in this Section 8 which are not otherwise defined have the meaning given to such terms in the Indenture.

Section 9. The Authorized Representatives are each hereby authorized to qualify the Bonds, or such portion thereof as the Corporation, any remarketing agent, or the Underwriters may request, for offering and sale under the securities or Blue Sky Laws of any jurisdiction, provided that the Authority shall not be required to consent to local service of process in any jurisdiction. The Authorized Representatives are each hereby authorized to perform on behalf of the Authority in cooperation with the Underwriters any and all such acts as they may determine to be necessary or desirable in order to comply with the applicable laws of any states and in connection therewith to execute and file all appropriate papers and documents, including, but not limited to, applications and reports, the execution by an Authorized Representative of any such paper or document or the doing by such Authorized Representative of any such act to establish conclusively such Authorized Representative's authority therefore.

Section 10. The Authorized Representatives of the Authority, upon receipt of a request or direction from an Authorized Corporate Representative (as defined in the Indenture) in accordance with the provisions of the Indenture, are hereby authorized to approve, execute, and deliver any offering document authorized hereby or amendment or supplement to the Indenture and related financing documents in connection with any remarketing of the Bonds that he or she may determine to be necessary or desirable.

Section 11. The Authorized Representatives are each hereby authorized and directed to execute and deliver any such other agreements, documents, or certificates (including, but not limited to, any agreements, documents, or certificates deemed necessary or proper to evidence or establish compliance with

applicable provisions of the Internal Revenue Code of 1986, as amended), to do and cause to be done any such other acts and things and to make such other changes, omissions, insertions, revisions, or amendments to the documents referred to in Sections 2 through 10 of this resolution as they may determine necessary or proper in connection with the issuance or the remarketing from time to time of the Bonds, including the appointment of remarketing agents and indexing agents, for carrying out, giving effect to, and consummating the transactions contemplated by this resolution, the Indenture, the Participation Agreement, the Purchase Agreement, or the Preliminary Official Statement or Final Official Statement delivered pursuant hereto, including but not limited to, such other documents, actions, and changes required in connection with obtaining any liquidity or support facility, any remarketing agreement, or placing the Bonds with a securities depository.

Mr. Murray then asked Mr. Catell to address the next item on the agenda, a report on the recent activities of Internal Audit. Mr. Catell indicated that the A&FC received a report from Director of Internal Audit, Mark Mitchell, on his recent activities. Mr. Mitchell indicated that the Members were provided with a written report of the results of the Data Quality Audit of the Existing Facilities Program (“EFP”). The audit reviewed data quality of incentive payment information stored in the Authority’s financial management system, as well as energy savings and other key performance data housed within a program management and reporting system that is used to report on EFP’s performance.

The audit did not find any incentive payment errors or instances in which the incentive payment amounts were incorrectly calculated or recorded. However, the audit did note a need to improve the design of the payments process by further segregating the duties of project managers.

The audit report focused on concerns about the quality of the performance data, which is used to provide the New York State Department of Public Service and the public with formal reports and to provide ad hoc information on an occasional basis. Performance data was assessed to determine whether the automated and manual controls in place at the input, processing and output stages were adequate to provide reasonable assurance that data was complete, accurate, valid, and appropriately authorized.

The audit noted a need for the Authority to improve the design and execution of processes and controls intended to ensure data quality of performance information, such as energy savings and project costs.

The report noted numerous control deficiencies in the design and operation of both automated and manual data controls. As a result of the limited automated controls, over the course of time, data clean-up efforts and various manual compensating controls have been used. However, the report noted these activities were not effectively designed and implemented.

Since there was no trail of evidence that the audit could rely on to evaluate control activities, Internal Audit was unable to formulate an opinion about the effectiveness of controls over completeness, accuracy, validity and authorization of performance data processed and reported during a portion of time covered by the audit.

Although nothing was noted in the audit to support an overall conclusion that a material misstatement of reporting occurred during the audit period, because of the factors described in the report, the audit was unable to conclude that there was not a material misstatement in the performance reports issued during this period of time.

To ensure that the proper focus and attention would be given to data quality, in the spring of 2012 while the audit was still in progress, the Authority's management established the Performance Management & Evaluation Systems ("PMES") group. The PMES group has been assigned responsibility for, among other things, designing and implementing a system that supports high levels of data quality, proper data governance, and accurate and timely reporting of program performance information. Since the PMES group is newly formed, it did not have an effect on the results of the audit.

The report identifies four broad strategies for improving the quality of performance data: internal controls training to program management and staff; re-evaluate and improve the design and effectiveness of the data quality processes and controls; direct and control the flow of information, so that records will be retained that provide a trail of evidence that links key aspects

of each project to a corresponding key data element in the program reporting database; and implement authority-wide change management controls for changes to reports, database data elements, or modifications to program database applications.

Internal Audit provided management with a listing of 20 issues in priority order. Management has responded to the audit report and agreed to implement the recommendations contained in the report.

In response to an inquiry from Mr. Burke, Mr. Mitchell indicated that the audit report was not shared with KPMG as it was completed after the close of the fiscal year. Mr. Pitkin added that the audit covered program data and not financial data. Therefore, it would have had no impact on the financial condition of the Authority.

Mr. Murray indicated that the next two items on the agenda pertain to matters considered by the Program Planning Committee (“PPC”). Mark Willis, Chair of the PPC, reported that the PPC met on June 6, 2013. The meeting began with brief remarks from Mr. Murray, who discussed the possible appointment of new members to the Board to fill the current vacancies. He also reviewed the future status of the Authority's financial resources and expressed optimism about the continued availability of resources to support the Authority's programs and new initiatives. Mr. Murray noted that two of the Authority's largest program portfolios, Energy Efficiency Portfolio Standard (“EEPS”) and RPS, are scheduled this year for a comprehensive mid-course review of each program. A more extensive discussion occurred regarding the RGGI and the impact that a change in the program's emission cap might have on future revenues.

The Authority's Vice President for Technology and Strategic Planning, Janet Joseph, presented an overview of the strategic planning activities underway at the Authority. She described the changes in the Strategic Plan relative to last year. Ms. Joseph identified the funding levels that the Authority expects to invest over the next three years in each of the Authority's major portfolio areas. Ms. Joseph described two major funding challenges – the need to adjust programs and funding to capitalize a \$1 billion Green Bank and the reduced statutory research and development (“R&D”) funding. This led to a discussion and a

recommendation by the PPC to try to increase the R&D funding for the Authority, especially with respect to the Authority's discretionary funding. The PPC asked staff to prepare a briefing on the value of R&D and present it at the September 2013 PPC meeting.

Mr. Willis reported that after Ms. Joseph's remarks, the PPC heard a set of presentations that provided highlights of four major strategic initiatives included in the Strategic Plan.

First, Mr. Pitkin described efforts undertaken to launch the Green Bank which Governor Cuomo announced in his January 2013 State of the State message. The Green Bank is anticipated to use \$1 billion to leverage private capital to accelerate the deployment of energy efficiency and renewable energy technologies by using various financial strategies aimed at addressing gaps and barriers that are impeding the flow of financing capital to support investment in energy efficiency and renewable technologies. The launch of the Green Bank is still in the development stage. Mr. Pitkin reported that Authority will be contracting with an international strategic consulting organization to undertake market research and to develop a business plan. These activities are anticipated to be completed by the end of August in order to support a filing with the New York State PSC that would seek funding to capitalize the Green Bank. There was also much discussion among the PPC members on the potential funding sources for the Green Bank and the potential ramifications of each option for the Authority and its program portfolios. The PPC asked to be kept informed of activities as they progress over the near-term.

Second, with respect to resiliency efforts, Mark Torpey, Director of Clean Energy Research and Market Development, described the Authority's most recent Smart Grid efforts, including a recently released \$10 million solicitation that addresses product development and demonstrations. Mr. Torpey also described work in conjunction with the utilities and the Smart Grid Consortium and the possibility of leveraging recent Federal Energy Regulatory Commission settlement funds with Technology and Market Development funds to support related efforts.

In addition to describing an ongoing legislatively mandated Micro-Grid Study, Mr. Torpey described four additional studies that the Authority is engaged in to address issues such as a strategic petroleum reserve, fuel supply terminal hardening, a cost-benefit assessment of extending the gas station generator and wiring program to upstate areas, and the Buckeye Booster Station analysis that is aimed at increasing fuel flow capacity into the State.

Third, with respect to the Charge NY Initiative, Mr. Torpey provided a status report on the 900 Authority-funded electric vehicle (“EV”) charging station installations, noting the variety of locations and applications. Data collection and analysis is ongoing for these installations so that future efforts may benefit from any lessons learned. Future work includes additional grants for EV planning efforts through the upcoming Cleaner Greener solicitation, working with the New York State Department of Public Service on its new proceeding on electric vehicle policies, and continuing the gathering of consumer feedback on needs and impacts of EVs.

Finally, with respect to the NY-Sun Program, Karen Hamilton, Director of Residential Energy Services, described the Authority’s efforts to meet its responsibility for the installation of 81 megawatts of new photovoltaic (“PV”) systems by the end of 2013 through the Authority’s standard offer and competitive incentive programs. The Authority’s program is one element of a larger statewide effort involving both the Long Island Power Authority and the New York Power Authority (“NYPA”) to install 120 megawatts of solar PV systems by the end of 2013. The Authority continues to work with NYPA to identify opportunities to reduce further the balance-of-system costs associated with the installation of these systems. Ms. Hamilton also mentioned ongoing R&D efforts to improve PV technologies and grow New York’s clean technology economy; interest in financing strategies for customer-sited installations; and efforts to provide education, training and assistance to local officials to address permitting, siting, and inspecting these systems.

A second set of presentations described program portfolios and priorities for 2013 through 2016. The PPC heard presentations on project efforts in each program area. The Strategic Plan addresses each of these program areas in detail. Mr. Willis indicated that there was substantive discussion among the PPC members on each of these program areas, particularly

on the constraints associated with some existing and future funding sources that are able to support fuel neutral energy programs and the challenges this presents for the Authority in designing its overall program portfolio.

Mr. Willis reported that at the conclusion of the presentations and discussions, the PPC voted unanimously to recommend the approval of the multi-year Strategic Program Plan for the years 2013-2016.

In response to an inquiry from Ms. McDonald, Ms. Joseph indicated that staff does consider critical mass in determining whether to include a particular program in the portfolio. Dr. Thorndike explained that staff took into consideration that the funding could fluctuate. Mr. Willis indicated that the Authority does not yet know what impact the Green Bank will have on programs.

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

Resolution No. 1365

RESOLVED, that the multi-year strategic plan for the Authority's energy, economic, environmental program priorities and strategic vision entitled "Toward a Clean Energy Future: A Three Year Strategic Outlook (2013-16)," submitted to the Members for consideration at this meeting with such non-substantive, editorial changes and supplementary schedules as the President, in his discretion, may deem necessary or appropriate, is adopted and approved as the Authority's updated multi-year strategic plan;

BE IT FURTHER RESOLVED, that the Authority's Mission Statement and Performance Measurements for the year ended March 31, 2013, as contained in the multi-year strategic plan, are approved for submission as required by Section 2800 of the Public Authorities Law.

Mr. Murray stated that the next agenda item was for the Members to consider a resolution approving revisions to the RGGI Operating Plan. Mr. Murray asked Mr. Willis to discuss the proposed resolution. Mr. Willis reported that David Coup, Assistant Director of Energy

Analysis, described the stakeholder process and proposed changes, which included input from the RGGI Advisory Group and the general public.

Mr. Coup described the revenue assumptions for the RGGI Operating Plan as conservative. The RGGI Operating Plan assumes a budget of approximately \$55 million per year for program activity, net of administration and evaluation expenses. The current budget projection is for a two-year period, rather than three, as it is difficult to reliably estimate proceeds levels three years into the future during this period of market transition.

With respect to individual program budgets for the 2013 through 2015 period, all of the programs included in the portfolio for RGGI funding are either a continuation or evolution of programs presented in previous RGGI plans. Program highlights include moving the Cleaner, Greener Communities effort from the planning stage to the implementation stage; continuing to commit funds for residential petroleum efficiency, including low-income program activities; and expanding funding for the Industrial Process Efficiency Program. Any additional revenues could be earmarked for the existing programs, including the Green Bank efforts, climate resiliency, and sustainability initiatives.

The PPC unanimously recommended the approval of the proposed amendments to the RGGI Operating Plan.

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

Resolution No. 1366

RESOLVED, that revisions to the “Operating Plan for Investments in New York Under the CO₂ Budget Trading Program and the CO₂ Allowance Auction Program” as presented to the Members for consideration at this meeting, with such non-substantive, editorial changes and supplementary schedules as the President and Chief Executive Officer, in his discretion, may deem necessary or appropriate, are adopted and approved;

AND BE IT FURTHER RESOLVED, that the Members direct the President and Chief Executive Officer to develop a revised operating plan incorporating such revisions as soon as reasonably possible.

Mr. Murray then turned to the next agenda item, a report from the Governance Committee (“GC”). GC Chair David Elliman reported that the first item considered by the GC was the Authority’s compensation schedule. He stated that Mr. Murray explained to the GC that the Authority is required to submit a compensation schedule listing all employees in decision-making or management positions with salaries in excess of \$100,000 as part of its Annual Report pursuant to Section 2800 of the Public Authorities Law. In addition, pursuant to the Public Authorities Reform Act of 2009, the Section 2800 Annual Report must include biographical information on each employee included on the list.

The GC unanimously recommended approval of the compensation schedule and submission of the biographical information.

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

Resolution No. 1367

RESOLVED, that the Authority’s compensation schedule presented at this June 17, 2013 meeting, is adopted and approved as the compensation schedule to be submitted pursuant to Section 2800 of the Public Authorities Law; and

BE IT FURTHER RESOLVED that the attached vitae are approved for submission under Section 2800 of the Public Authorities Law.

Mr. Murray stated that the next agenda item concerned an evaluation by the Members of the Board’s performance over the past year. 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 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 unanimous voice vote, the Members adopted the following resolution.

Resolution No. 1368

RESOLVED, that pursuant to Section 108 of the Public Officers Law and Section 2800 of the Public Authorities Law, the Members of the New York State Energy Research and Development Authority shall convene in private session on June 17, 2013 for the purpose of reviewing the Annual Confidential Board Member Performance Evaluation of the Authority.

The Board took no action during the private session. At the conclusion of the private session, Mr. Murray reconvened the meeting in open session.

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

Resolution No. 1369

RESOLVED, that the Authority's Annual Confidential Board Member Performance Evaluation Report as presented at this June 17, 2013 meeting, is adopted and approved to be submitted pursuant to Section 2800 of the Public Authorities Law.

At this time, Mr. Akel had to leave.

Mr. Murray stated that the next agenda item concerned the Authority's Annual Procurement Report and the Guidelines on Procurement Contracts. He asked Cheryl Earley, Director of Contract Management, to provide a summary of this item. Ms. Earley stated that New York Public Authorities Law Section 2879 requires the Authority to annually review and approve its Procurement Contract Guidelines, Operating Policy and Instructions and its Annual Report on Procurement Contracts. The Guidelines set forth the Authority's policy and procedures on the use, awarding, monitoring, and reporting of our procurement contracts. Ms. Earley stated that the June 2013 Guidelines provided to the Members for review and approval contain no changes from the Guidelines approved by the Members in June 2012.

Ms. Earley stated that the Members have also been provided with a copy of the Annual Report on Procurement Contracts. The annual report lists all contract actions exceeding \$5,000 that were executed or modified by the Authority between April 1, 2012 and March 31, 2013, and details all contracts involving contractor performance extending beyond a one-year period that are open. Section 1 of the report indicates that during the period covered by this Annual Report, the Authority initiated or modified a total of 4197 contract actions. Approximately 96% of these actions were competitively selected, and 98% of the dollar amount committed this period resulted from competitive procurement. Section 2 of the report lists 5801 procurement contracts extending beyond a one-year period that are open. Ms. Earley stated that the Authority is in compliance with the Guidelines in its selection of contractors.

Ms. Earley stated that the Members have also been provided with an annual report on Authority compliance with Article 15-a of the Executive Law. Of the 30 contracts subject to Article 15-a which were initiated or modified during the reporting period, 50% were awarded to certified Minority and Women-Owned Businesses (MWBEs), representing 28% of the total contract dollar amounts.

In response to a request from Mr. Willis, Mr. Murray indicated that staff could compile data on the Authority's progress in meeting its MWBE goals over the last five years.

In response to an inquiry from Dr. Thorndike, Mr. Pitkin indicated that staff could provide a sum of contract funding by county. However, Ms. Earley explained that determining where the work was being completed is more complicated because the address of the contracting entity may not be the location of the work. Ms. Earley indicated that it would be possible to detail the funding source for each contract. Mr. Burke cautioned that the Members have not indicated that funding by county is a new goal. Mr. Willis concurred, stating that going into too much detail each year could make it look like the Members are micromanaging the funding.

Mr. Murray stated that the Authority's 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 Annual Procurement Report.

Counsel's office reported just a few potential conflicts. Specifically, the Authority has entered into or anticipates entering into contracts with Central Hudson Gas & Electric, Consolidated Edison, National Grid and Orange and Rockland Utilities, identified by Garry Brown; Consolidated Edison, ConEdison Solutions, Honeywell International Inc., and Orange and Rockland Utilities, identified by Kevin Burke; various SUNY campuses and affiliates, identified by Bob Catell; the Center for Environmental Information, Cornell University, Paul Smith's College and the University of Rochester, identified by Liz Thorndike; and JP Morgan Chase and New York University, identified by Mark Willis.

Whereafter, upon motion duly made and seconded, and by voice vote of the Members present, the following resolution was adopted. Mr. Brown, Mr. Burke, Mr. Catell, Dr. Thorndike, and Mr. Willis each abstained from the vote solely with regard to contracts involving the respective entities identified by each of them above.

Resolution No. 1370

RESOLVED, that the "Procurement Contract Guidelines, Operative Policy and Instructions (June 2013)" as presented at this meeting, are approved and adopted; and

BE IT FURTHER RESOLVED, that the Authority's 2012-13 Annual Procurement Contracts Report, as presented at this meeting, is adopted and approved as the annual report of the Authority required by Section 2800(1)(a)(6) and Section 2879 of the Public Authorities Law.

Mr. Murray stated that the next item to be considered is the periodic procurement contracts report, and he asked Cheryl Earley to provide a brief summary of this item. Ms. Earley stated that pursuant to Public Authorities Law Section 2879, the Members are requested to adopt a resolution approving the Periodic Procurement Contracts Report. The Periodic Report covers the period April 1, 2013 through May 15, 2013. The report summarizes 1,805 procurement contracts exceeding \$5,000 that were initiated or modified during the period. Over 98% of the procurement contracts were competitively selected, and 99% of the dollars committed resulted from competitive procurement. All of the actions were in compliance with the procurement contract guidelines. The report also summarizes an additional 1,625 procurement contracts that are expected to be executed by the Authority, that have a period of expected performance in

excess of one year. These contract actions total approximately \$284 million. Ms. Earley stated that the Members have also been provided with a periodic report on Authority compliance with Article 15-a of the Executive Law. Of the three contracts subject to Article 15-a which were initiated or modified during the reporting period, all three were awarded to certified M/WBEs, representing 100% of the total contract amounts.

Mr. Murray stated that the Authority's 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 Procurement Report. Counsel's office reported just a few potential conflicts. Specifically, the Authority has entered into or anticipates entering into contracts with Central Hudson Gas & Electric, Consolidated Edison, National Grid and Orange and Rockland Utilities, identified by Garry Brown; Consolidated Edison, ConEdison Solutions, Honeywell International Inc., and Orange and Rockland Utilities, identified by Kevin Burke; various SUNY campuses and affiliates, identified by Bob Catell; Urban Electric Power, identified by David Elliman; the Center for Environmental Information, Cornell University, Paul Smith's College and the University of Rochester, identified by Liz Thorndike; and JP Morgan Chase and New York University, identified by Mark Willis.

Whereafter, upon motion duly made and seconded, and by voice vote of the Members present, the following resolution was adopted. Mr. Brown, Mr. Burke, Mr. Catell, Dr. Thorndike, and Mr. Willis each abstained from the vote solely with regard to contracts involving the respective entities identified by each of them above.

Resolution No. 1371

RESOLVED, that the Periodic Procurement Contracts Report, covering the period April 1, 2013 through May 15, 2013, 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(3)(b)(ii).

Mr. Murray stated that the next item concerns the text of the Annual Report for 2012-13, entitled *Meeting New York's Energy Challenges*. The Authority's goals include increasing energy efficiency; creating a clean-energy economy; growing diverse, renewable energy supplies; and protecting our environment. In the wake of Superstorm Sandy, projects underway to modernize the energy superhighway and boost resiliency to climate change have renewed significance.

The Annual Report demonstrates the real-world impact that the Authority's programs have on New York State's residents and businesses. The Authority and its partners work to shape the State's energy future, transform the markets for energy efficiency and renewable energy, stimulate new investment in innovation and clean technology, improve environmental quality, foster resiliency and promote economic development and opportunity.

In response to an inquiry from Mr. Willis, Mr. Brodie indicated that the report is not required by statute but instead is provided to stakeholders for informational purposes. There are elements of this report that have been previously approved by the Members.

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

Resolution No. 1372

RESOLVED, that the text of the Annual Report of the Authority, as presented at this meeting, with such non-substantive, editorial changes and supplementary schedules as the President and Chief Executive Officer, in his discretion, may deem necessary or appropriate, is adopted and approved.

Mr. Murray stated that the next agenda item concerned the Authority's Annual Report on the Disposition of Real and Personal Property, as well as the Authority's Guidelines for disposal of property. Jeff Pitkin, the Authority's Treasurer, explained that Title 5-A of the Public Authorities Law (established by the Public Authorities Accountability Act of 2005 and amended by the Public Authorities Reform Act of 2009) sets forth requirements for the disposition of property by public authorities. Pursuant to these new requirements, the Members approved the

Authority's *Guidelines, Operative Policy and Instructions for the Disposal of Real and Personal Property* at the April 2010 meeting. The Guidelines require an annual report to be prepared listing: all real property of the Authority; all Property (real property and personal property with a value in excess of \$5,000) disposed of during the year, including a description of the Property, the name of the purchaser, and the price received; and an explanatory statement if the disposals are not pursuant to competitive bidding or are purchased for more than or disposed of for less than, fair market value. The Guidelines also require the Members to annually review and approve the Guidelines.

Mr. Pitkin continued, stating that Section 1 of the report lists four parcels of real property owned by the Authority: its main offices at 17 Columbia Circle in Albany; the Western New York Nuclear Service Center ("West Valley"); the Saratoga Technology + Energy Park ("STEP"); and a parcel of underwater land at the Indian Point Nuclear Generating Station upon which an outfall structure for the release of cooling water is located. Section 2 of the report lists any dispositions of real property and dispositions of personal property with a value in excess of \$5,000 during the period. There were four real property dispositions during the reporting period, all of which were approved by the Members at the April 2011 Board meeting. The first was a modification to the ground lease agreement with STEP Tech, LLC to increase the leased property from approximately 3.08 acres to approximately 6 acres at STEP for the construction of a building. The remaining dispositions were utility easements for the installation of electric, gas and telecommunications infrastructure at STEP.

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

Resolution No. 1373

RESOLVED, that the "Guidelines, Operative Policy and Instructions for the Disposal of Real and Personal Property (June 2013)," as presented at this meeting, are approved and adopted; and

BE IT FURTHER RESOLVED, that the Annual Report on Disposition of Real and Personal Property (June 2013), as presented at this meeting, is adopted

and approved as the Annual Report on Disposition of Real and Personal Property required by Section 2800 of the Public Authorities Law.

The Annual Prompt Payment Policy Report was next on the agenda, and Mr. Murray called on Authority Treasurer Jeff Pitkin. Mr. Pitkin explained that Section 2880 of the Public Authorities Law and the Authority's implementing regulations require preparation of an annual report on the implementation of the Authority's prompt payment policy. Under its policy, the Authority is required to make payment to contractors and vendors within 30 days of the receipt of a valid invoice. If payment is not made within 30 days, interest is to be computed at the rate prescribed by Section 2880. When the amount of interest computed equals or exceeds ten dollars, that amount of interest must be paid to the contractor. Mr. Pitkin reported that during the fiscal year ending March 31, 2013, over 68,000 vendor invoices were paid within 30 days as required by the prompt payment policy.

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

Resolution No. 1374

RESOLVED, that the Annual Prompt Payment Policy Report presented to the Members of the Authority at this June 17, 2013 meeting is adopted and approved as the annual report required by Section 2880 of the Public Authorities Law.

Next was consideration of a resolution approving inclusion of additional items in the Section 2800 Annual Report. Mr. Murray asked General Counsel Hal Brodie to discuss this item. Mr. Brodie stated that the Members are requested to adopt a resolution approving the submission of additional items in the Authority's Annual Report as required by Section 2800 of the Public Authorities Law as amended by the Public Authorities Reform Act of 2009. The Authority staff actually produce two separate documents called "Annual Report." One is the Annual Report for public distribution that the Board had approved earlier in the meeting. The other is the Annual Report that the Authority is required to submit to the Governor, the State legislature, and the Authorities Budget Office pursuant to Section 2800 of the Public Authorities Law. Section 2800 contains a list of documents that are to be included in the Annual Reports of public authorities. The Members have previously approved the Annual Confidential Board Performance Evaluation, the Annual Procurement Report, the Annual Report on the Disposal of

Real and Personal Property, the Annual Bond Sales Report, the Compensations Schedule, and the Audited Financial Statements.

Mr. Brodie stated that this agenda item seeks approval to submit several documents that have either been previously approved by the Members or that do not require substantive approval. These items include a copy of the Authority's By-laws, which includes a description of the Authority and its Board structure; a copy of the Authority's enabling legislation including the Green Jobs-Green New York Program legislation; a list of all current Members and their Committee assignments; a list of the Board and Committee Meetings including attendance; the Authority's Code of Conduct for Employees and the Code of Conduct for Authority Contractors; the Assessment of Internal Controls; the Operation and Accomplishments and Mission Statement and Performance Measurements Annual Report; the Authority's Four Year Financial Plan, which includes a current and projected capital budget as well as the Operating Budget Report; and a description of pending litigation.

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

Resolution No. 1375

RESOLVED, that the Authority's By-laws, the Authority's enabling legislation, a list of all current Members and their Committee assignments, a list of the Board and Committee Meetings including attendance, the Authority's Code of Conduct for Employees and the Code of Conduct for Authority Contractors, an assessment of the Authority's internal controls, the Authority's Four Year Financial Plan, and a description of pending litigation, as presented at this June 17, 2013 meeting, are approved for submission pursuant to Section 2800 of the Public Authorities Law.

Mr. Murray 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.



Hal Brodie
Secretary

June 5, 2013

NOTICE OF MEETING AND AGENDA

TO THE MEMBERS OF THE NEW YORK STATE ENERGY RESEARCH AND DEVELOPMENT AUTHORITY:

PLEASE TAKE NOTICE that the Annual Meeting (the 218th 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 at 485 Seventh Avenue, 10th Floor, New York, New York, and by video conference in the Authority's West Valley Office at 9030-B Route 219, West Valley, New York, on Monday, June 17, 2013, commencing at 1:00 p.m., for the following purposes:

1. To receive information from the Program Planning Committee and:
 - a. to consider and act upon a resolution approving NYSERDA's multi-year strategic program plan entitled *Toward a Clean Energy Future - A Three Year Strategic Outlook 2013-2016*;
 - b. to consider and act upon a resolution approving revisions to the plan entitled *Operating Plan for Investments in New York Under the CO₂ Budget Trading Program and the CO₂ Allowance Auction Program*.
2. To receive information from the Governance Committee and:
 - a. to consider and act upon a resolution approving a compensation schedule;
 - b. to consider and act upon a resolution to enter into private session for the purpose of reviewing the Annual Confidential Board Member Performance Evaluation Report; and
 - c. to consider and act upon a resolution approving the Annual Confidential Board Member Performance Evaluation Report.
3. To receive information from the Audit and Finance Committee and:
 - a. to consider and act upon a resolution approving the Annual Investment Report of the Authority and the "Investment Guidelines, Operative Policy and Instructions (June 2013);"

New York State Energy Research and Development Authority

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Management Program

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- b. to consider and act upon a resolution approving the Annual Investment Report for the NYSERDA OPEB (Other Post-Employment Benefits) Trust for the year ended March 31, 2013 and the “Investment Policy Statement for the NYSERDA OPEB Trust (June 2013);”
 - c. to consider and act upon a resolution approving the Financial Statements of the Authority for fiscal year 2012-13;
 - d. to consider and act upon a resolution approving the appointment of the Authority’s independent auditors for fiscal year 2013-14;
 - e. to consider and act upon a resolution approving an annual bond sale report;
 - f. to consider and act upon an implementing resolution authorizing the issuance of a series of bonds by the Authority to finance the Green Jobs – Green New York Program;
 - g. to consider and act upon an implementing resolution authorizing the refunding of two series of bonds previously issued by the Authority, on behalf of New York State Electric & Gas Corporation, to refinance a portion of the cost of construction of certain pollution control and other facilities; and
 - h. to receive a report from the Director of Internal Audit on recent internal audit activities.
4. To consider and act upon a resolution approving the text of the Annual Report of the Authority for 2012-13.
5. To consider and act upon a resolution approving the Annual Report on Disposition of Real and Personal Property and the “Guidelines, Operative Policy and Instructions for the Disposal of Real and Personal Property (June 2013).”
6. To consider and act upon a resolution approving the Annual Report on Procurement Contracts and the “Procurement Contracts Guidelines, Operative Policy and Instructions (June 2013).”
7. To consider and act upon a resolution approving the periodic procurement contract report.
8. To consider and act upon a resolution approving the annual report on the implementation of the Authority’s prompt payment policy.
9. To consider and act upon a resolution approving the inclusion of additional items in the annual report required by Section 2800 of the Public Authorities Law.
10. To transact such other business as may properly come before the meeting.

Members of the public may attend the meeting at any of the above locations. The Authority will be posting a video of the meeting to the web within two business days of the meeting. The video will be posted at <http://www.nyserda.ny.gov/en/About/Board-Governance/Board-and-Committee-Meetings.aspx>.



Hal Brodie
Secretary