NEW YORK STATE ENERGY RESEARCH AND DEVELOPMENT AUTHORITY

Minutes of the 224th Meeting

Held on September 22, 2014

Pursuant to notice and an agenda dated September 10, 2014, and a revised agenda dated September 19, 2014, the 224th meeting of the New York State Energy Research and Development Authority ("Authority" or "NYSERDA") was convened on September 22, 2014, at 12:00 p.m., in the Authority's Albany Office at 17 Columbia Circle, Albany, New York; and the Authority's New York City Office at 1359 Broadway, 19th floor, New York, New York. The two meeting locations were connected by videoconference.

The following Members of the Authority were present:

John B. Rhodes, President and CEO (acting as Chair for this meeting)
Sherburne Abbott
Charles Bell
Jay Koh
John McAvoy
Gil Quiniones
Jigar Shah
Elizabeth W. Thorndike, Ph. D.
Audrey Zibelman

Members Richard Kauffman, Kenneth Daly, Joseph Martens, Joan McDonald, and Mark Willis were unable to attend.

Also present were David L. Margalit, Chief Operating Officer; Janet Joseph, Vice President for Technology and Strategic Planning; Jeffrey J. Pitkin, Treasurer; Hal Brodie, Esq., General Counsel and Secretary; Sara L. LeCain, Esq., Senior Counsel; Radmila Miletich, Independent Power Producers of New York; James Austin, New York State Department of Public Service; Michael Bailey; and various other staff of the Authority.

Mr. Rhodes explained that, as President and CEO of the Authority, he is authorized by the Authority's By-laws to exercise the powers of the Authority's Chair when the Chair is absent. He therefore stated that he was chairing the Board meeting and participating as a voting Member of the Authority. Mr. Rhodes 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 September 10, 2014, and a revised agenda was forwarded on September 19, 2014. Mr. Rhodes directed that a copy of the revised notice and agenda be annexed to the minutes of the meeting.

Mr. Rhodes began by acknowledging former Member and Audit and Finance Committee Chair, Robert Catell, who would be recognized by staff for his service following the meeting.

Next, Mr. Rhodes made a few remarks. First, Mr. Rhodes stated that the Authority is at an important juncture, particularly since it is soon to file a Clean Energy Fund proposal with the Public Service Commission ("PSC") which will outline a proposal for continuing work that has been done under the Energy Efficiency Portfolio Standard ("EEPS"), Renewable Portfolio Standard ("RPS"), and Technology & Market Development portfolios into 2016. Mr. Rhodes noted that this Clean Energy Fund proposal was being submitted at a time when the State is engaged in the PSC's 'Reforming the Energy Vision" proceeding, which will seek to fundamentally realign the approach to energy in order to achieve a set of solutions that are more resilient, affordable, cleaner, and customer-centered.

Mr. Rhodes remarked that the Authority is also finishing a year in which the NY Green Bank has been launched, achieved an initial capitalization of over $200 million, and that over $1 billion has been committed to NY-Sun, which is a meaningful initiative to vastly increase the scale of deployment of photovoltaic in the State.

Mr. Rhodes also remarked on changes that are being made by the Authority, stating that while the Authority's approach taken thus far has delivered on its objectives, it is falling short of what is possible and what is needed in contemplation of the future of State energy and climate goals, as well as other obligations. Mr. Rhodes also remarked that realizing the greenhouse gas reductions the Authority has in mind will require deployments of energy efficiency measures which are multiples of what has been offered through Authority programs to date. In order to achieve those goals, the Authority therefore has to mobilize allies, most importantly the private sector, which is a source of investment, innovation, and a mechanism to invite New Yorkers to make investment decisions that push the Authority forward.

Mr. Rhodes concluded his remarks by encouraging the Members to consider the broad context given as they continue to give the Authority guidance.

Mr. Rhodes then stated that the first item on the agenda was proposed revisions to the Authority's Fiscal Year 2014-2015 Budget. As the Chair of the Program Planning Committee ("PPC"), Mark Willis, was unable to attend the Board meeting, Mr. Rhodes provided a report on the portion of the revised budget considered by the PPC.

Mr. Rhodes stated that the Program Planning Committee met on September 8, 2014, where Treasurer Jeff Pitkin reported briefly on revisions to the Authority's Budget for Fiscal Year 2014-2015, which was originally approved at the January 2014 Board meeting.

There was a brief discussion about the amount of the Authority's cash reserve and an explanation regarding the timing of System Benefits Charge ("SBC") allocations and collections and how they are reflected in the budget documents presented. In response to an inquiry about Green Bank funding, staff agreed to provide the Committee with an update on Green Bank activities at its next meeting.

The PPC unanimously recommended that the Members adopt the resolution approving revisions to the Fiscal Year 2014-15 Budget.

Mr. Rhodes then called upon Dr. Thorndike to report on the portion of the revised Budget considered by the Waste and Facilities Management Committee ("W&FMC"), which met on September 8, 2014.

Dr. Thorndike stated that the W&FMC received a report from Treasurer Jeff Pitkin outlining revisions to the approved Fiscal Year 2014-2015 Budget, focusing on areas subject to the Committee's oversight. Regarding the Western New York Nuclear Service Center Site Management Program ("West Valley"), Mr. Pitkin reported that State appropriation revenue was decreased by approximately $900,000 in recognition of State appropriation funds received but unexpended at the end of the prior Fiscal Year 2013-2014. However, the revised Budget does not change the total program expenditures, which remain at $14.08 million. Regarding the Radioactive Waste Policy and Nuclear Coordination activities, Mr. Pitkin reported no changes in the aggregate, with the Budget remaining at $150,000 in State-appropriated funding. For both programs, Mr. Pitkin reported that there are minor changes among expenditure categories due principally to changes in indirect costs.

The W&FMC unanimously recommended that the Members adopt the resolution approving revisions to the Fiscal Year 2014-15 Budget for West Valley and Radioactive Waste Policy and Nuclear Coordination activities.

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

Resolution No. 1409

> RESOLVED, that the Fiscal Year 2014-15 Budget and Financial Plan (Revised September 2014) submitted to the Members for consideration at this meeting, with such non-material, editorial changes and supplementary schedules as the President and CEO, in his discretion, may deem necessary or appropriate, be and it hereby is approved.

Mr. Rhodes indicated that the next item on the agenda was approval of the Preliminary Spending Plan and the State Appropriation Request for Fiscal Year 2015-2016. Mr. Rhodes stated that the PPC heard a report from Mr. Pitkin regarding the Authority's Preliminary Spending Plan and State Appropriation Request for the next Fiscal Year, which is submitted annually to the Division of the Budget and sets forth the Authority's request for State appropriations. Mr. Pitkin specifically highlighted certain aspects of the proposed Fiscal Year 2015-2016 Budget that are intended to partially offset the loss of voluntary contributions to research and development ("R&D") funding from both the Long Island Power Authority and the New York Power Authority.

Mr. Rhodes then asked Dr. Thorndike to report on the portions of the Preliminary Spending Plan and State Appropriation Request for Fiscal Year 2015-2016 considered by the W&FMC. Dr. Thorndike indicated that only minor changes are projected with respect to the areas subject to the W&FMC's oversight. Specifically, the West Valley program appropriation request includes a slight increase in funding to $12.5 million from $12.1 million, based upon the Authority's required share of costs under the West Valley Demonstration Project and the Consent Decree. No change was recommended in the request of $150,000 for Radioactive Waste Policy and Nuclear Coordination activities.

The W&FMC unanimously recommended that the Members adopt the resolution approving the proposed State Appropriation Request for Fiscal Year 2015-2016 for West Valley and Radioactive Waste Policy and Nuclear Coordination activities.

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

Resolution No. 1410

> RESOLVED, that the proposed State Appropriation Request for Fiscal Year 2015-2016 submitted to the Members for consideration at this meeting, with such non-material, editorial changes and supplementary schedules as the President and CEO, in his discretion, may deem necessary or appropriate, be and it hereby is approved for submission to, and at the request of, the New York State Division of the Budget.

Mr. Rhodes indicated that the next item on the agenda was a report on the remaining items discussed by the PPC. In addition to the two budget items, the PPC also received a status report from Sarah Osgood, Chief of Staff, on the Authority's ongoing Corporate Strategy Assessment and the market findings resulting from that work. Ms. Osgood provided context for the strategy review, citing that meeting the State's energy and environmental goals will require a larger overall effort than is currently in place. Ms. Osgood also stated that this larger effort is supported by the projected economic potential for electricity and natural gas savings, and that the mobilization of private capital will be the key for future efforts.

In addition, Ms. Osgood provided information on identified barriers and strategies, potential behind-the-meter interventions, and innovation strategies. She also identified strategic priorities and target areas, as well as the next steps for the Authority.

Mr. Rhodes stated that the PPC engaged in a fair amount of discussion throughout Ms. Osgood's presentation. The areas of focus included the need to address fuel neutrality; how to properly value certain actions or projects; how to best measure the accrual of public benefits; optimal ways for the Authority to engage in the market; and the need for strategies to address barriers to market participation.

Mr. Rhodes also stated that the PPC acknowledged the challenges that lie ahead in implementing the Authority's new approach to engaging with the market, as well as the ensuing refocus of its portfolio. The PPC also stressed the importance of prioritizing the most appropriate areas for contribution by the Authority, taking into account the best opportunities for success at the lowest costs, applying the existing expertise of the Authority, and remaining cognizant of the consequences of a portfolio shift. The PPC also suggested that public involvement remains very important.

While no action was taken on this item, the PPC requested regular updates on the new objectives presented.

Mr. Rhodes indicated that the next item on the agenda was a report on the remaining items considered at the W&FMC meeting. Dr. Thorndike explained that the W&FMC received a status report from Director Paul Bembia on West Valley activities including items relating to the State-Licensed Disposal Area and the West Valley Demonstration Project (the "Project").

Regarding the Project, Mr. Bembia reported that staff are focused on completing the first part of Phase I Decommissioning, which involves the demolition and offsite disposal of above-ground facilities, including the Main Plant Process Building and Vitrification Facility. Mr. Bembia also reported that preparations are being made to transport the 275 high-level waste canisters currently stored in the Main Plant Process Building to the new dry-cask storage pad to allow for the demolition of the facilities. Mr. Bembia also discussed updates on Project waste shipping activities and several other site maintenance and repair activities.

Mr. Bembia then provided the W&FMC with an update on the federal Project Budget. The President's federal Fiscal Year 2015 Budget request includes $60.5 million for the Project, which is similar to the appropriation of recent years. The Senate Energy and Water Development Subcommittee has recommended the same funding level of $60.5 million, while the House Energy and Water Appropriations Subcommittee has recommended $64 million. As such, the exact funding figure is still to be determined.

In addition, Mr. Bembia reported on the State-Licensed Disposal Area ("SDA"). Mr. Bembia specifically reported that the leachate level in Trench 14 is increasing at a rate of about 1.2 inches per year, but remains 14 feet below the ground surface. Mr. Bembia stated that the situation is not urgent, but that staff is working hard to evaluate, understand, and address it. Mr. Bembia also reported that a hydrogeology evaluation is now complete, and a video inspection of the SDA's underground piping will be conducted this fall. Staff has asked the U.S. Department of Energy ("DOE") to conduct a video inspection of the NRC-Licensed Disposal Area's ("NDA's") underground drainage system, and has also asked DOE to increase the frequency of water level monitoring at the NDA to better coincide with the SDA measurements. Staff are also preparing to contract with an engineering firm to assess the leachate increase and provide options for remediation.

Finally, Mr. Bembia informed the W&FMC that DOE and the Authority will conduct an aerial radiation survey of West Valley and Cattaraugus Creek this fall. Results of the survey will be available in early 2015.

Mr. Rhodes indicated that the next item on the agenda was a report from the Governance Committee in consideration of a resolution approving compensation for Officers. Mr. Rhodes then called upon Sherburne Abbott, Chair of the Governance Committee, to discuss this item.

Ms. Abbott reported that the Governance Committee, which met earlier that day, was briefed by the President and CEO on proposed salary increases for identified Officers of the Authority. The Public Authorities Law requires that the compensation for Officers be approved by the Members.

Historically, the Authority has provided its employees with benefits comparable to those provided to Management/Confidential ("M/C") employees by the State. A New York State Division of the Budget memorandum has recently been released, which prescribes M/C salary increases of 2% beginning April 1, 2014.

Consequently, the Members were asked to approve a 2% salary increase consistent with the new M/C agreement and retroactive to April 1, 2014 for the Chief Operating Officer, the Vice President for Technology and Strategic Planning, and the Treasurer and Internal Control Officer. The Members were also asked to approve an additional 2.9% salary increase for the Vice President for Technology and Strategic Planning as well as the Treasurer and Internal Control Officer, which will become effective upon approval by the Board.

Ms. Abbott further stated that the proposed salary increases are commensurate with expanded job responsibilities and are contingent on administrative approval, and that the funds for these increases have already been included in the Fiscal Year 2014-2015 Budget.

Whereafter, upon motion duly made and seconded, the following resolution was adopted.

Resolution No. 1411

RESOLVED, that the proposed 2% cost of living salary increase retroactive to April 1, 2014, payable as appropriate to the Chief Operating Officer, the Vice President for Technology and Strategic Planning, and the Treasurer and Internal Control Officer is hereby approved;

AND BE IT FURTHER RESOLVED, that the proposed additional 2.9% salary increase for the Vice President for Technology and Strategic Planning and the Treasurer and Internal Control Officer is hereby approved.

Mr. Rhodes indicated that the next item on the agenda was a report from Mr. Pitkin, the Authority's Internal Control Officer, in relation to a proposed revision to the Authority's Internal Control Manual.

Mr. Pitkin reported that the proposed amendment to the Internal Control Manual was a ministerial change that would remove a reference to the Chair of the Authority in Section 3, the NY Green Bank.

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

Resolution No. 1412

RESOLVED, that the amendment to the Internal Control Manual, as submitted at this September 22, 2014 meeting, is hereby approved and adopted.

Mr. Rhodes indicated that the next item on the agenda was a report on items considered by the Audit and Finance Committee ("A&FC"), and called upon Jay Koh, the A&FC's Chair, to provide a report.

Mr. Koh stated that the A&FC, which met earlier that day, had received a report from Mark Mitchell, Director of Internal Audit, on his recent activities. Mr. Mitchell specifically discussed the results of recently completed audits and also provided the status of ongoing activities. Mr. Koh indicated that the A&FC was able to ask questions and was satisfied with the discussion.

Mr. Rhodes indicated that the next item on the agenda was a resolution appointing Noah Shaw as General Counsel and Secretary to the Board. Mr. Rhodes stated that Mr. Shaw comes from the Office of the General Counsel at DOE, where he served as Senior Advisor to the General Counsel. While at DOE, he served as a member of the Energy Finance Working Group and the Climate Action Plan team, as well as working with the Loan Programs Office, the Office of Energy Efficiency and Renewable Energy, and the Office of Nuclear Energy. Prior to DOE, Mr. Shaw worked at Mintz Levin Cohn Ferris Glovsky & Popeo, PC, the Middlesex County District Attorney's Office, and the Lawyers' Committee for Civil Rights Under Law. Mr. Shaw is a graduate of Northeastern University School of Law and Brandeis University.

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

Resolution No. 1413

> RESOLVED, that pursuant to Section 1852(9) of the Public Authorities Law and Section 2 of Article III of the By-laws of the Authority, the Authority hereby appoints Noah C. Shaw as Secretary to serve at the pleasure of the Authority and perform the duties of the Secretary as set forth in Section 7 of Article IV of the By-laws and such other duties as may be assigned by the Authority, the Chair, or the President and CEO.
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> BE IT FURTHER RESOLVED, that the Members of the Authority do hereby approve the salary of the General Counsel and Secretary, effective September 22, 2014, in the amount of $150,000; and
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> BE IT FURTHER RESOLVED, that, with respect to such position, the Members do hereby approve the application of such rules for time, attendance, and compensation as are set forth in the Authority's Personnel Handbook and the Accounting Policies and Procedures Manual.

Mr. Rhodes then indicated that the next item on the agenda was a resolution commending Hal Brodie for his service to the Authority.

Mr. Rhodes noted Mr. Brodie's accomplishments at the Authority, including his collegiality and support.

Dr. Thorndike acknowledged having had the privilege of working with Mr. Brodie, specifically in relation to his work concerning West Valley.

Ms. Zibelman noted that having Mr. Brodie as a partner has been beneficial, and stated that the PSC has appreciated Mr. Brodie's efforts over the years.

Mr. Quiniones added that the partnership between NYPA and the Authority was enabled by the consistent advice and counsel of Mr. Brodie to make sure that the goals of the State were advanced.

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

Resolution No. 1414

WHEREAS, the Honorable Hal Brodie has served with distinction on behalf of the New York State Energy Research and Development Authority as General Counsel and Secretary; and

WHEREAS, during his tenure, Mr. Brodie provided exemplary legal guidance on Authority operations on behalf of the citizens of New York State, during a period of unprecedented growth, and which included overseeing the stewardship of and litigation involving the Western New York Nuclear Service Center; advising on the successful development of the Saratoga Technology + Energy Park, including entering into leases with various tenants; drafting and reviewing proposed legislation of great importance to the State and its citizens; and overseeing the Authority's extensive regulatory interactions with the New York State Public Service Commission and multiple federal agencies; all with the highest degree of skill and professionalism; and

WHEREAS, Mr. Brodie's efforts on behalf of the Authority have been distinguished by an unwavering dependability, dedication, and willingness to serve; and

WHEREAS, the Members of the Authority wish to commend Hal Brodie for his exemplary commitment to the People of the State of New York and his outstanding contributions to the mission of the Authority and the State and to memorialize that recognition;

NOW, THEREFORE, BE IT RESOLVED THAT the Members of the New York State Energy Research and Development Authority, assembled on this 22nd day of September, 2014, unanimously express to Hal Brodie their commendation and deep appreciation for his dedicated and exemplary service to the Authority and the People of the State of New York.

Mr. Rhodes indicated that the next item on the agenda was a resolution appointing Gil Quiniones to the PPC. Mr. Rhodes noted that he had spoken with Mr. Quiniones, that Mr. Quinones was willing to serve in this capacity, and thanked him for devoting his time and attention to the work of the Authority.

Whereafter, upon motion duly made and seconded, and by unanimous voice vote, the Members approved the appointment of Gil Quiniones to the PPC.

Mr. Rhodes stated that the next item on the agenda was the periodic procurement contracts report by Cheryl Earley, Director of Contract Management. 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 covering the period May 16, 2014 through August 15, 2014. The report summarizes 3,296 procurement contracts exceeding $5,000 that were initiated or modified during the period. Over 98% of the procurement contracts were competitively selected, and 98% of the dollars committed resulted from competitive procurement. Furthermore, all of the actions were in compliance with the procurement contract guidelines. The report also summarized an additional 818 procurement contracts expected to be executed by the Authority and that have a period of expected performance in excess of one year. These contract actions total approximately $166 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 25 contracts subject to Article 15-a which were initiated or modified during the reporting period, 17 were awarded to certified Minority and Women-Owned Business Enterprises, representing 68% of the total contract amounts.

Mr. Rhodes reported that counsel's office has 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 NYSERDA to the list of contracts in the Periodic Procurement Contracts Report. Counsel's office reports just a few potential conflicts. Specifically, the Authority has entered into or anticipates entering into contracts with Syracuse University, identified by Sherburne Abbott; Cornell University and University of Rochester, identified by Dr. Thorndike; and Viridity Energy, identified by Audrey Zibelman.

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

Resolution No. 1415

> RESOLVED, that the Periodic Procurement Contracts Report, covering the period May 16, 2014 through August 15, 2014, 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. Rhodes then indicated that the last item on the agenda was other business.

Mr. Rhodes advised that Authority staff has contacted each of the Members' offices and provided meeting dates for Board and Committee meetings in 2015 in order to have the dates marked on Members' calendars. He encouraged everyone to keep those dates reserved so that the Board can obtain the quorum needed to do business and also have the benefit of the participation and expertise of as many Members as possible.

Mr. Rhodes then asked if there was any other new business.

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

Noah C. Shaw
Secretary

September 19, 2014

REVISED NOTICE OF MEETING AND AGENDA

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

PLEASE TAKE NOTICE that a regular Meeting (the 224th 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 in the Authority's New York City Office located at 1359 Broadway, New York, New York, on Monday, September 22, 2014, commencing at 12:00 noon, for the following purposes:

1. To receive from the Program Planning Committee and the Waste and Facilities Management Committee reports concerning, and to consider and act upon a resolution approving, revisions to the Authority's Fiscal Year 2014-15 budget.

2. To receive from the Program Planning Committee and the Waste and Facilities Management Committee reports concerning the Authority's Fiscal Year 2015-16 Preliminary Spending Plan and the Authority's State Appropriation Request For Fiscal Year 2015-16, and to consider and act upon a resolution approving the State Appropriation Request for Fiscal Year 2015-16.

3. To receive a report from the Program Planning Committee.

4. To receive a report from the Waste and Facilities Management Committee.

5. To receive a report from the Governance Committee and to consider and act upon a resolution approving a salary increase for Officers.

6. To consider and act upon a resolution approving a revision to the Internal Control Manual with respect to the NY Green Bank.

7. To receive a report from the Audit and Finance Committee.

8. To consider and act upon a resolution appointing Noah C. Shaw as General Counsel and Secretary to the Board.

9. To consider and act upon a resolution commending Hal Brodie for his service to the Authority.

New York State Energy Research and Development Authority

Albany
17 Columbia Circle, Albany, NY 12203-6399
(P) 1-866-NYSERDA | (F) 518-862-1091
nyserda.ny.gov | info@nyserda.ny.gov

Buffalo
726 Exchange Street
Suite 821
Buffalo, NY
14210-1484
(P) 716-842-1522
(F) 716-842-0156

New York City
1359 Broadway
19th Floor
New York, NY
10018-7842
(P) 212-971-5342
(F) 518-862-1091

West Valley Site
Management Program
9030-B Route 219
West Valley, NY
14171-9500
(P) 716-942-9960
(F) 716-942-9961

10. To consider and act upon a resolution appointing Gil Quiniones to the Program Planning Committee.

11. To consider and act upon a resolution approving a periodic procurement contracts report.

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

Members of the public may attend the meeting at either of the above locations. Video conferencing will be used at both locations and 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/About/Board-Governance/Board-and-Committee-Meetings.aspx.

Hal Brodie
Secretary