

NEW YORK STATE ENERGY RESEARCH AND DEVELOPMENT AUTHORITY

Minutes of the 226<sup>th</sup> Meeting

Held on April 21, 2015

Pursuant to notice and an agenda dated April 7, 2015, the 226<sup>th</sup> meeting of the New York State Energy Research and Development Authority (“Authority” or “NYSERDA”) was convened on April 21, 2015, at 1:00 p.m., in the Authority’s Albany Office at 17 Columbia Circle, Albany, New York; and in the Authority’s New York City Office at 1359 Broadway, 19<sup>th</sup> floor, New York, New York.

The following Members of the Authority were present:

Richard Kauffman

Charles Bell

Sherburne Abbott

Kenneth Daly

John McAvoy

Gil Quiniones

Jigar Shah

Elizabeth W. Thorndike, Ph. D.

Mark Willis

Audrey Zibelman

Members Jay Koh and Joseph Martens were unable to attend.

Also present were John B. Rhodes, President and CEO; David L. Margalit, Chief Operating Officer; Janet Joseph, Vice President for Technology and Strategic Planning; Jeffrey J. Pitkin, Treasurer; Noah C. Shaw, General Counsel and Secretary; Anthony Belsito, New York State Department of Public Service; Conor Bambrick, Environmental Advocates of New York; Michael Bailey; and various other staff of the Authority.

Mr. Kauffman called the meeting to order and noted the presence of a quorum. He stated that a meeting notice and agenda were mailed to the Members and press on April 7, 2015, and directed that a copy of the notice and agenda be annexed to the minutes of the meeting.

Before turning to the formal agenda, John Rhodes, the Authority's President and CEO, provided the Members with an update on Authority operations. Mr. Rhodes stated that diligent work is continuing on the evolution of the Authority, and is at an important juncture with the expected submission of a Supplemental Clean Energy Fund ("CEF") Proposal to the Public Service Commission ("PSC") on April 27, 2015. The Authority has had the opportunity to present key elements of the Supplemental CEF Proposal, with a primary focus on getting the evolution process right. Mr. Rhodes added that the Authority remains confident in the direction being taken as well as the outcomes that will be delivered in terms of greenhouse gas reductions, affordability, and a more reliable and functional energy system.

Mr. Kauffman stated that the first item on the agenda was a report from the Program Planning Committee (the "PPC") on program evaluation and metrics from the PPC's Chair, Mark Willis.

Mr. Willis stated that the PPC met on March 31, 2015, with a primary focus on the review of the Authority's strategic direction, which is designed to be responsive to the changing New York energy policy landscape and effectuate the Authority's CEF portfolio.

During the PPC meeting, Mr. Rhodes described the corporate strategy transition and future directions of the Authority. He began with a presentation of the future of New York's energy system and the PSC's Reforming the Energy Vision ("REV") proceeding, which is New York's comprehensive strategy to enable self-sustaining clean energy markets supporting a cleaner, more reliable and affordable energy system. This effort is designed to result in the installation of more distributed resources to improve cost, reliability, and the use of clean energy.

Throughout the PPC meeting, regulatory reform and evolution of State programs, such as the CEF portfolio, the NY-Sun Initiative, the NY Green Bank, and NY Prize were cited as

examples that define the energy policy landscape. Mr. Rhodes provided further detail regarding the Authority's Market Development and Innovation Strategy portfolios that make up the proposed CEF portfolio filed with the PSC in September 2014. The CEF is a ten-year, \$5 billion funding commitment to support clean energy market development and innovation.

Mr. Willis noted that there was robust discussion about some specifics of the Authority's future role in this new energy landscape. In addition to general information sharing, the discussion also focused on specific areas such as: smart grid efforts, increased fostering of distributed energy resources, the continuing pursuit of energy efficiency savings, developing new and additional financing opportunities, and addressing the "soft costs" associated with new technologies. The discussion also addressed the importance of developing the Authority's approach to measuring future program performance given its changing portfolio, as well as the significance of informing the Authority's constituency-at-large as to the nature and value of changes in emphasis.

Mr. Willis added that the PPC was supportive of the presentation and was pleased to hear examples of coordination between the Authority and other market entities, the Authority's increased emphasis on local government interaction, and the intentions of the Authority to be more flexible to the needs of the market while being more adaptable in response to the activities of energy stakeholders. Mr. Willis stated that no action was taken on this item, and that this concluded his report.

In response to an inquiry from Mr. Daly, Mr. Rhodes explained that the outreach process has been in the spirit of listening and learning rather than solely presenting the Authority's firm ideas. The Authority started the outreach process over a year ago, with a very focused and disciplined set of interactions with the market. Since then, the Authority has kept up the tempo of stakeholder interactions, engaging with markets and partners to shape the REV process. Mr. Rhodes noted that the roster of participants includes customers, colleagues, community organizations, and local governments. Mr. Rhodes also stated that this outreach effort has been the basis for the formation of different strategies and the Supplemental CEF Proposal.

Mr. Kauffman added that there are a number of changes that will occur on the level of state government in the next few months, and that the Authority is coordinating a communications effort in order to answer some important open questions related to the State Energy Plan and the CEF.

Mr. Kauffman indicated that the next item on the agenda was a report from the Governance Committee (the “GC”). Mr. Kauffman then asked the GC Chair, Shere Abbott, to address the Members.

Ms. Abbott stated that the GC met earlier that day, and that a quorum was present throughout the meeting. The GC met in private session to discuss the results of the Members’ evaluation of the Board’s performance. Ms. Abbott added that the results and any recommendations made the GC will be presented to the Board in its June 2015 report.

Mr. Kauffman indicated that the next item on the agenda was a report on items considered by the Audit and Finance Committee (the “A&FC”). Mr. Kauffman noted that, as Jay Koh, Chair of the A&FC, was unable to attend the meeting, he had served as Chair of the A&FC in his absence.

Mr. Kauffman then stated that the A&FC had met just before the Board meeting and that a quorum was present throughout the meeting. The A&FC heard a detailed presentation from KPMG LLP on their proposed process for conducting the fiscal year 2014-15 independent audit. The A&FC was able to ask questions and was satisfied with the proposed procedures for conducting the audit. In addition, the A&FC thought the approach was reasonable and that the final product would meet the requirements of the Public Authority Accountability Act and the State Comptroller’s regulations, including the delivery of all required opinions.

During the A&FC meeting, Mark Mitchell, Director of Internal Audit, discussed the Annual Internal Audit Report and the Interim Internal Audit Plan for April 2015 through September 2015. Mr. Mitchell discussed the audits he completed over the fiscal year 2014-15, and proposed his schedule of activities for the first part of the fiscal year 2015-16. The A&FC

was able to ask questions and was satisfied with the discussion. The A&FC also voted to approve the Interim Internal Audit Plan as proposed.

The A&FC also received a report from Mr. Mitchell on his recent activities. Mr. Mitchell discussed the results of recently completed audits, and provided the status of his ongoing activities. The A&FC was able to ask questions and was satisfied with the discussion.

Mr. Kauffman added that the Authority's Treasurer, Jeffrey J. Pitkin, gave the A&FC a report on a recent audit by the Office of the State Comptroller. Mr. Pitkin discussed the results of a recently issued audit report and provided the status of a recently completed audit. The A&FC was able to ask questions and was satisfied with the discussion.

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

Ms. Glanton stated that the Members are requested to adopt a resolution approving a periodic procurement contracts report, covering the period December 16, 2014 through March 15, 2015. The report summarized 2,884 procurement contracts exceeding \$5,000 that were initiated or modified during the period. These contracts total approximately \$514 million. Over 98% of the procurement contracts were competitively selected, and 98% of the dollars committed resulted from competitive procurement. The report also summarizes an additional 1,516 procurement contracts that are expected to be executed by the Authority and that have a period of expected performance in excess of one year. These contract actions total approximately \$378 million. In addition, the Members were provided with a report summarizing the Authority's efforts engage Minority and Women-Owned Business Enterprise ("MWBE") participation in accordance with Article 15-a of the Executive Law. Of the 28 contracts subject to Article 15-a which were initiated or modified during the reporting period, 29% of the total number of contracts were awarded to certified MWBEs, representing 31% of the total contracted amount.

In response to an inquiry from Mr. Shah, Ms. Glanton stated that approximately two-thirds of the contracts awarded within the NY-Sun program have been under \$5,000 and were excluded from the current report. In addition, Ms. Glanton stated that while the number of contract transactions that occurred within NY-Sun is high, the total dollar amount of those contracts has been proportionally smaller within the entire report, totaling approximately \$100 million.

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 Report for contracts which have been, or are expected to be, executed and which do have, or are expected to have, a period of performance in excess of one year. Counsel's office reports just a few potential conflicts. Specifically, the Authority has entered into or anticipates entering into contracts with Cornell University, Paul Smith's College, and University of Rochester, identified by Liz Thorndike; JP Morgan Chase and New York University, identified by Mark Willis; Con Edison Solutions, identified by John McAvoy; National Grid, identified by Ken Daly; and Syracuse University, identified by Shere Abbott.

Thereafter, upon motion duly made and seconded, and by voice vote of the Members present, the following resolution was passed. Dr. Thorndike, Mr. Willis, Mr. McAvoy, Mr. Daly, and Ms. Abbott abstained from voting.

#### Resolution No. 1422

RESOLVED, that the Periodic Procurement Contracts Report, covering the period December 16, 2014 through March 15, 2015, 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. Kauffman indicated that the last item on the agenda was other business.

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

A handwritten signature in black ink, appearing to read 'Noah C. Shaw', written over a horizontal line.

Noah C. Shaw  
Secretary



**NYSERDA**

**ANDREW M. CUOMO**  
Governor

**RICHARD L. KAUFFMAN**  
Chair

**JOHN B. RHODES**  
President and CEO

April 7, 2015

**NOTICE OF MEETING AND AGENDA**

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

PLEASE TAKE NOTICE that a regular (the 226<sup>th</sup>) 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 at 1359 Broadway, 19<sup>th</sup> floor, New York, New York, on Tuesday, April 21, 2015, commencing at 1:00 p.m., for the following purposes:

1. To receive a report from the Program Planning Committee.
2. To receive a report from the Governance Committee.
3. To receive a report from the Audit and Finance Committee.
4. To consider and act upon a resolution approving a periodic procurement contracts report.
5. 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.nyserdera.ny.gov/About/Board-Governance/Board-and-Committee-Meetings>.

Noah C. Shaw  
Secretary

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