

NEW YORK STATE ENERGY RESEARCH AND DEVELOPMENT AUTHORITY

Minutes of the 230th Meeting

Held on April 11, 2016

Pursuant to notice and an agenda dated March 30, 2016 and a revised notice dated March 31, 2016, the 230th meeting of the New York State Energy Research and Development Authority (“Authority” or “NYSERDA”) was convened on April 11, 2016, at 3:00 p.m., at the office of the New York State Dormitory Authority (“DASNY”), One Penn Plaza, 52nd Floor, New York, New York, and in the Authority’s Albany Office at 17 Columbia Circle, Albany, New York. The two locations were connected by videoconference.

The following Members of the Authority were present:

Richard Kauffman

Sherburne Abbott

Charles Bell

Kenneth Daly

Matthew Driscoll (by videoconference in Albany)

Jay Koh

John McAvoy

Gil Quiniones

Jigar Shah

Elizabeth W. Thorndike, Ph. D.

Audrey Zibelman

Member Mark Willis was 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; 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 March 30, 2016 and a revised notice and agenda were mailed on March 31, 2016. The Chair directed that a copy of the revised 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. Kauffman stated that the first item on the agenda was a report from the Program Planning Committee (the "PPC"). Mr. Kauffman noted that, as Mark Willis, Chair of the PPC, was unable to attend the meeting, he had served as Chair of the PPC in his absence.

The Chair stated that the PPC met just prior to this meeting, and a quorum was present throughout the meeting. The PPC received a detailed report on the status of two of the Authority's approaches to market development: building a High-Performance Grid and Real Time Energy Management. Next, the PPC received a follow-up to a request from the PPC on the status of the Regional Greenhouse Gas Initiative revenues and program allocations.

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, Sherburne 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 by the GC will be presented to the Board in its June 2016 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"). The Chair then asked Jay Koh, Chair of the A&FC, to address the Members.

Mr. Koh 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 2015-2016 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 Internal Audit Plan for fiscal year 2016-2017. Mr. Mitchell proposed his schedule of activities for fiscal year 2016-2017. The A&FC was able to ask questions and was satisfied with the discussion. The A&FC also voted to approve the Internal Audit Plan as proposed.

The Chair stated that the next item on the agenda was a report from the Waste and Facilities Management Committee ("W&FMC"). Mr. Kauffman asked Elizabeth Thorndike, Chair of the W&FMC, to address the Members.

Dr. Thorndike reported that the W&FMC met earlier in the day and a quorum was present throughout. The W&FMC received a brief status report on nuclear waste coordination matters and a report on West Valley Site Management Program activities. The W&FMC 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, 2015 through March 15, 2016. The report summarized 7,474 procurement contracts exceeding \$5,000 that were initiated or modified during the period. These contracts total approximately \$122 million. Over 99% of the procurement contracts were competitively selected, and 98% of the dollars committed resulted

from competitive procurement. The report also summarizes an additional 1,533 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 \$166 million. In addition, the Members were provided with a report summarizing the Authority's efforts to 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, 44% of the total number of contracts were awarded to certified MWBEs, representing 46% of the total contracted amount.

In response to an inquiry from Mr. Daly, Ms. Glanton explained that the Authority is in the process of moving to a new reporting format that will provide greater detail.

In response to an inquiry from Mr. Koh, Ms. Glanton indicated that this report is in line with prior reports. However, the dollar value is down because there were no large scale renewable projects, which are typically a high value procurement.

Mr. Kauffman indicated 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 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 Elizabeth Thorndike; National Grid, identified by Ken Daly; Consolidated Edison Company of New York and Orange and Rockland Utilities, Inc., identified by John McAvoy; Quixotic Systems, identified by Jigar Shah; and Syracuse University, identified by Sherburne Abbott.

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

Resolution No. 1455

RESOLVED, that the Periodic Procurement Contracts Report, covering the period December 16, 2015 through March 15, 2016, 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 next item on the agenda was a report on the NY Green Bank (“Green Bank”) from Alfred Griffin, President of the NY Green Bank. Mr. Griffin provided the Members with a status report on the activities of the Green Bank, including recently closed transactions.

Mr. Koh added that as a member of the NY Green Bank Advisory Committee, he feels that the Green Bank team has developed best practices, risk management, and financial strategies which have created a very good fundamental structure. Furthermore, Mr. Koh indicated that the Green Bank has gained visibility internationally and its work is being used a model around the globe. Mr. Koh concluded his comments by stating that this is an entity ready for counterparties and anything the Members can do to bring deals and awareness would help the Green Bank.

In response to an inquiry from Mr. Shah, Mr. Griffin indicated that the Green Bank has started to see patterns in the market. Specifically, in the residential sector, loan products and power purchase agreements are replicable. In addition, the Green Bank hopes to announce a commercial solar product that will be replicable. Mr. Griffin explained that the Green Bank has intentionally driven all of its parties through a standardized approach, and continues to take advantage of the results of that process.

In response to an inquiry from Mr. Shah, Mr. Griffin explained that formal partnerships with financial firms happen in a number of ways. In many cases, there is interest, but there is not enough experience in the market. Big lenders may understand the needs, but lower level banks are not necessarily educated on the needs of the market. Therefore, the Green Bank is working to bridge that gap. For example, the Green Bank will help educate a lender who is interested in a particular sector, by being a capital partner or providing guarantees.

In response to an inquiry from Ms. Zibelman, Mr. Griffin indicated that the Green Bank has regular calls with United Kingdom's Green Investment Bank ("U.K. Green Bank") team. An area where the U.K. Green Bank has had great success is serving as an anchor provider for syndication. As for the Connecticut Green Bank, they are more in the product program market such as Commercial Property Assessed Clean Energy ("CPACE"). Mr. Griffin expects to issue a solicitation for commercial/industrial and community solar based projects using a specific set of parameters to help with a fragmented market.

In response to an inquiry from Mr. Quiniones, Mr. Griffin indicated that the Green Bank has \$500 million in active proposals, which represents approximately 20-25 transactions. Of those, \$130 million in active proposals have been approved by the Investment and Risk Committee and the Green Bank has closed transactions totaling approximately \$54 million.

In response to an inquiry from Mr. Daly, Mr. Griffin indicated that most of the deals the Green Bank has on its books include floating rates and therefore the Green Bank is generally not overly exposed to changing rates. From a general policy perspective, Mr. Griffin does not expect policy changes to impact transactions that have already closed. However, policy changes will impact the Green Bank's ability to monetize future transactions.

In response to an inquiry from Mr. Quiniones, Mr. Pitkin indicated that with respect to accounting, the Green Bank's transactions and assets roll-up to the Authority.

Mr. Koh stated that the independent audit of the Authority's financial statements for fiscal year 2015-2016 will consist of a general review of the Authority's financial statements and a separate review of the Green Bank that will be presented in a manner that is similar to that of a private entity.

The Chair commended Mr. Griffin on the Green Bank's progress and noted that attention is being paid to the Green Bank across the U.S. The Chair stated that the goal of the Green Bank is to bridge gaps between emerging businesses in the renewable and energy sectors and the financial sector. The Chair continued that since the Green Bank is able to charge a fee for extending capital and the private sector is willing to pay that fee, it demonstrates that the services being offered are fulfilling a need in the market. However, in order to accomplish this, the Green Bank

has had to find a way to make meaningful connections in a sector that is organized by existing business and not future growth. The Green Bank is not just providing funding, it is also providing the intellectual capital on how to move forward in the market.

The Chair indicated that the next item on the agenda concerned an executive session to discuss the employment history of a particular person.

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

Resolution No. 1456

RESOLVED, that pursuant to Section 105 of the Public Officers Law, the Members of the New York State Energy Research and Development Authority shall convene in executive session on April 11, 2016 for the purpose of the employment history of a particular person.

The Board took no action during the executive session. At the conclusion of the executive session, the Chair reconvened the meeting in open session.

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

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



Noah C. Shaw
Secretary



March 31, 2016

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 (the 230th) meeting of the New York State Energy Research and Development Authority (“Authority”) will be held at the office of the New York State Dormitory Authority (“DASNY”), One Penn Plaza, 52nd Floor, New York, New York, and in the Authority’s Albany Office at 17 Columbia Circle, Albany, New York, on Monday, April 11, 2016, commencing at 3:00 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 receive a report from the Waste and Facilities Management Committee.
5. To consider and act upon a resolution approving a periodic procurement contracts report.
6. To receive a status report on the New York Green Bank.
7. To consider and act upon a resolution to enter into an executive session for the purpose of discussing the employment history of a particular person.
8. 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. In order to expedite the entry procedures established by the building management, any members of the public planning to attend the meeting at DASNY’s office should notify DASNY’s receptionist at 212-273-5000, 24 hours in advance of the meeting, and must be prepared to show valid photo identification upon arrival at One Penn Plaza.

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

Video conferencing will be used at both locations and the Authority will be posting a video of the meeting to the web within three business days of the meeting. The video will be posted at <http://www.nyserda.ny.gov/About/Board-Governance/Board-and-Committee-Meetings>.



Noah C. Shaw
Secretary