NYSERDA AUDIT AND FINANCE COMMITTEE MEETING
June 26, 2023
Clean Copy of Transcript

Sara LeCain:
Okay.

Chair Kauffman:
Okay. I called this meeting of the Audit and Finance Committee to order notice of the meeting and agenda was forwarded to Committee Members on June 12, 2023, and to the press on June 20, 2023. This meeting is being conducted in person and by video conference. The Authority will post a video and a transcript of this meeting on the web. I'm Richard Kaufman, Chair of the Authority and Committee's Chair, Jay Koh was unable to attend today. Therefore, I will lead this meeting and I'd like to ask each of the Committee Members to introduce themselves.

Sadie McKeown:
Sadie McKeown, Member of the Board,

Sherburne Abbott:
Shere Abbott, Member of the Board, Member of the Committee,

Chair Kauffman:
Thank you. And in New York,

Frances Resheske:
Francis Resheske, Member of the Board and Member of the Committee.

Chair Kauffman:
Okay. Thank you very much. The first item on the agenda is the approval of the minutes of the 152nd Committee meeting held on April 26, 2023. Are there any comments on the minutes? Okay. There being none. They have a motion for approving the minutes.

Sadie McKeown:
Second.

Chair Kauffman:
All in favor?

Members of the Committee:
Aye. Aye.

Chair Kauffman:
Any opposed? All right. The minutes have been approved. Thank you. The next item to be considered is the annual investment report and the investment guidelines. Pam Poisson, the Authority's Chief Financial Officer, will discuss the item, Pam.

Pam Poisson:
Thank you. And good morning Committee Members. Pursuant to the requirements of the Public Authority's Law, the Members are requested to adopt a resolution approving the Annual Investment Report for the year ended March 31, 2023, and to adopt a resolution approving the Investment Guidelines.

With respect to the Annual Investment Report, the amount of the Authority's total investments decreased $26.2 million from about $1.355 billion to about $1.32 billion. The overall decrease in NYSERDA's investment portfolio was primarily from NY Green Bank's increased net lending activity, which was consistent with the achievement of our mission, and also from several funds experiencing higher expenditures, which reduced working capital balances available for investment. These decreases were offset in part by a material increase in RGGI auction proceeds stemming from higher allowance prices, which in turn resulted in additional funding that staff are actively working to deploy through the annual RGGI planning process. The report in your material summarizes the composition of the investment portfolio as compared to the prior year by investment type and percentage of the total portfolio. As you can see, within the investment income for the fiscal year just closed, increased by $31.2 million. The average annual rate of return, including the change in fair market value of $4.6 million for all investments was three point 12% for the past fiscal year as compared to a minus 0.006% for the fiscal year prior.

The increase in bond interest rates was primarily due to recent interest rate hikes by the Federal Reserve and corollary increases in prevailing market rates. Overall, the change in fair market value of $4.6 million represents an unrealized gain. As I serve. It generally holds investments to maturity. We anticipate recognizing that full $4.6 million is realized income upon maturity. The Authority's, independent auditors, KPMG, have issued a report stating that nothing came to their attention to indicate that the Authority was not in compliance with the provisions of the investment guidelines. And with respect to those guidelines, no changes are recommended at this time. As you consider the investment report. Please know that we expect to provide a further update at the October Committee and Board meetings. As reported previously, we are working with an investment advisor to conduct a comprehensive review of the investment portfolio and investment policy statement for NYSERDA, including Green Bank.

The goal is to have our advisors provide recommendations for updates to improve returns to at least keep pace with inflation without changing our current risk posture or potentially reducing risk through better portfolio diversification. That analysis is well underway, and we've recently expanded it to include gathering comparative data from peer organizations for more tailored benchmarks. To date, we've reviewed the overall risk profile and investment objectives, stratified the portfolio based on liquidity means in investment horizon, reviewed several asset allocation portfolio mixes and review the sensitivity analysis, identifying the expected rate of return, standard deviation and sharp ratio as compared to our current portfolio. At present, preliminarily appears that peer organizations allow for more options in their investment portfolio than does nicer. At present. While we see our policy and practice to date as very well informed and rational, there do appear to be opportunities to potentially improve return or reduce risk in light of market conditions. With increasing interest rates we see an opportunity to reduce risk from some additional diversification. So as we work with the advisor on potential updates and additions, please rest assured we will make certain any such proposed updates are statutorily permissible and operationally supportable by the New York State Department of Taxation, Finance of fiscal agent. We will provide an analysis and an updated Investment Policy Statement for this Committee's consideration at or before or October meetings. This concludes my report and I'm happy to discuss any questions.

Chair Kauffman:
So Pam, in terms of, just so that I understand, so in terms of actual changes that would be made, are you gonna report the changes to us at the October meeting or are you gonna make a proposal to us at the, at the October meeting?

Pam Poisson:
Thank you for the question. It will be proposal at the October meeting. Yes. So no changes at present during the case.

Chair Kauffman:
Are there other questions?

Sadie McKeown:
I just have one question regarding RGGI. With such a large increase, how do we know what might happen with RGGI? Is there a way to know or? Sure. So it's a huge impact.

Pam Poisson:
Appreciate the question. Well, it's always imperfect to try to forecast anything in the financial markets. More specifically to your question, we do track you have general market intelligence about what is being seen, futures training and so forth. But consistent with our past precedent, we intentionally model out the RGGI allowance price quite conservatively. Would much rather be in the position as an organization to be able to add to our program scope than have to unexpectedly dial back. So, okay. Thank you.

Chair Kauffman:
I just have one other, sorry, one other question. I'm trying to understand this unrealized gain. So this relates to, to the, to the cap the potential. Just explain more about what an unrealized gain is, say in the NY Green Bank, what that means.

Pam Poisson:
So this, this would be just our temporary investments, so where we have cash that's not currently being deployed. And some of those will be invested in instruments that may see changes in market value on a temporary basis.

Chair Kauffman:
Okay. Other questions? New York? Okay. All right. Let's see. Thank you, ma'am. So may have a motion recommending adoption of the investment guidelines and annual investment report?

Sadie McKeown:
Motion. So

Sherburne Abbott:
Second.

Chair Kauffman:
Okay. All in favor?

Members of the Committee:
Aye. Aye.

Chair Kauffman:
Any opposed? The investment guidelines and annual investment report have been recommended for approval. Thank you. The next item to be considered is the Annual Investment report for the NYSERDA OPEB Trust and the Investment Policy Statement for the NYSERDA OPEB Trust. Pam, back to you.

Pam Poisson:
Thank you. So the NYSERDA OPEB Trust, which many of you will recall is a trust been in place for the provisioning of healthcare benefits for retirees. That trust remains in good financial health, despite what has been a volatile overall financial market in the past 12 months. The trust remains fully funded, and our overall morningstar ratings have remain constant. We also continue to focus on ESG principles consistent with past four guidance. The trust continues to evaluate process and policies to keep improving our management of this portfolio as evidence by our recommended changes to the investment policy statement, the OPEB investment report summarizes the contributions investment income, benefit payments, and administrative expenses for the fiscal year end in March 31, 2023, and reports the balance of investments in total and by asset category in comparison to the target levels established in the investment policy statement.

The market value of the trust investments as of March 31, 2023 was about $66.5 million. That's about $2.9 million lower than the prior year, primarily as a result of market decline in the last 12 months. As of the most recent actuarial valuation, the trust was nonetheless still more than fully funded at 101.6% as compared to its underlying liability. Also worth noting is that while the total return on the investment investments were down 5% for the past fiscal year, that was nonetheless slightly better than the benchmark indices outperforming them by 0.1%. The lifetime average and annual return that you see in your materials is approximately 5.9%. That is presently like below the actuarily estimated long-term expected return for the Trust. That long-term expected return is 6.5%, which is based on our actuaries projections for long-term expected returns for the weighted average indices. This long-term rate has been included in the financial statement footnote disclosures and has been reviewed and deemed reasonable by the independent others while the trust has experienced in volatility over the year consistent with overall market conditions.

The investment policy statement notes that investments of trust assets should be managed on a long-term basis. So that remains our focus. With respect to the investment policy statement. We are recommending an update based on recent asset allocation studies performed by our advisor Milliman. Milliman is the trusted investment consultant and plan actuary, and they performed an asset allocation study, which led to the recommendation to revise ranges and target levels of investments by asset class. In their professional opinion, there's updates we provide for improved optimization of returns and risks. And the macro level, the updated targets would align us with a roughly 60 40 allocation strategy, slightly increasing cash and fixed income from their current collective, 56% target and slightly decreasing equities as an offset. Milliman has noted that based on its forward looking return expectations, the revised portfolio has a 10 year expected return of 6.5600000000000005%, which would be slightly higher than our assumed discount rate, and thus aligning better with the expectations on that front, and then is slightly better than our current portfolio expectations of 6.52%, while also decreasing the overall risk in the portfolio is measured by both the standard deviation, which would drop from 10.26% to 9.84% and a slight increase in the sharp ratio, which is a measure of the relative return given a certain level of risk incurred.

Moreover, the plan administrators have also determined that elements analysis and investment recommendations are consistent with reallocations that are appropriate for employee benefit trust are relevant for the size of the trust assets, and properly consider current and anticipated economic conditions. If these revisions to the allocation ranges and target are adopted, Milliman will begin to update the portfolio composition over time, leveraging maturities to rebalance while minimizing transaction costs. I should also note one additional proposed ministerial change to the investment portfolio statement. And general counsel may want to weigh in here as well. We noted upon the review that the administrators list the officers by title. However, there is one update that was not yet reflected in the document. The document reference is a Chief Operating Officer position. It should be more appropriately listed as the Chief Program Officer position to be consistent with the intent of the policy as written. So that would be a subsequent adjustment undertaken if the Committee approves that material update to the one title. Anything else that you, I, I wouldn't characterize it as ministerial as well. Thank you. Thank you. That concludes the report and I would be happy to answer any questions.

Sherburne Abbott:
So I have no, just one question about it's not the investment than this, the strategy, it's more the, is the, the payout potential consistent with the expectation of people needing benefits. So I don't, I don't know what the demographic profile of, of the staff looks like, really. How does that, do they align? I mean, are we, if you imagine that, that things are slowly going south so slowly whereas the number of people is going north, are they, are they consistent? I mean, is there

Pam Poisson:
Yes,

Sherburne Abbott:
Is there some trouble ahead?

Pam Poisson:
I, I appreciate the question. I would say that there is, there is not trouble ahead with the two things that we do on a regular basis. And, and Peter, you've got one issues. Please chime in if I, if I overlook something. But we work with the actuarial consultants to reforecast each year looking at a lot of demographic indicators.

And you'll see in the financial statements a lot of supporting detail on that front. They also look at things like the average tenure of employees to understand if they will even be eligible for payments for this trust. There is a 10-year vesting requirement. So it's a combination of factors that basically lead to our projections of what we believe would be the required payout. And then we also compliment that regular review with an ongoing practice of funding the plan each year with the current liability that's projected. So that is actually something that is ahead of what many other organizations do. They will simply rely on the investments over time to approve that, that increase. So I, I think with those two practices combined with keeping a portfolio that is optimally diversified for a given level of risk, we've positioned ourselves to be well ahead of the game on this one. Peter, would you concur, if not improve my thinking on that one?

Peter Mahar:
I have nothing to add. That was exactly right answers.

Chair Kauffman:
Yeah. So I've got a question on the 6.5% soon return mm-hmm. So I guess I'd like to have more explanation about how benchmark that is. It's an important assumption and whether it's how much of the decision to increase the rate of return relates to the fact that the market declined last year. Cuz it seems a little counterintuitive that it would assume an increase in rate of return given the fact that in the past we haven't achieved a 6.5%.

Pam Poisson:
So let me weigh in with a couple of points on that. So the, the discount rate, it's not a perfect correlation, but that's typically influenced by the projections going forward. Mm-Hmm. further turns right? And it's we update periodically. So what we have seen, we've actually looked at some pension plan trends as counterpoints to this. So just as one for instance looking at Mercer recently updated their discount rate assumptions, they actually went up by about 80 basis points across all the plans. So we're seeing other indicators that suggest this is better aligned. It is something that we're, we're gonna drawing a stance here between what might be viewed as a higher end projection to go up to actually 7%. But I think what we have seen also through this is historically, you know, with the fixed income market interest rates were so low that it wasn't returning anything near what the discount rate should imp apply. But I, I think what might be useful if it would be helpful for this Committee is we've got a detailed report from the investment advisor that we can provide as follow up to substantiate that would be useful. But Peter, anything else that you would offer up to the conversation and spend a lot of time mailing going back and forth on different

Peter Mahar:
Sure. Yeah, Pam, thank you. The only other item I would add is that we, we look at this plan annually and we either do a full valuation or a road forward. We provide census data, we look at the assumptions and we, every other year we do an asset allocation study. So I think we have the, the an annual review of this and we can continue to change, increase or decrease the discount rate if necessary based on their long-term projections.

Chair Kauffman:
Okay. I'm good. You're good? Yeah. Frances, you're good. Okay. Good. Alright. So in that case, we have a motion recommending adoption the NYSERDA OPEB Trust Investment Report and the Investment Policy Statement.

Sherburne Abbott:
So moved.

Sadie McKeown:
Second.

Chair Kauffman:
Thank you. All in favor?

Members of the Committee:
Aye. Aye.

Chair Kauffman:
Any opposed? The motions passed the OPEB Trust Investment Report and the Investment Policy Statement have been recommended for approval. Thank you, Pam. The next agenda item concerns the financial statements of the Authority and NY Green Bank for fiscal year 2022 and 2023. Peter Mahar, the Authority's Controller and Assistant Treasurer will discuss this item. Peter,

Peter Mahar:
Thank you, Richard. And good morning to everyone. NYSERDA continues to be strong stewards of rate repair funds. This is indicative of a strong control environment as it shows by receiving clean water reports. Today we are requesting the Members to adopt the resolution, approving the Annual Audited Financial Statements for the fiscal year ended March 31, 2023 for the Authority, which includes NY Green Bank and separate standalone financial statements from NY Green Bank.

We are pleased to note that both financial statements include an unmodified clean opinion from the independent auditors KPMG. We'll also note that the additional reports issued by KPMG note that there were no instances of noncompliance or material weaknesses, and they offer no management letter comments to address control weaknesses, or suggestions for improvement. The memo in your Board package summarizes financial statement amounts that includes significant accounting estimates, which have been reviewed and found to be reasonable by the independent auditors. Your meeting packet includes a detailed explanation of the financial statements. I will now highlight a few fluctuations and changes restricted net position, which is the cumulative difference between revenues and expenses increased by $202 million to $1.87 billion, principally due to greater than expected RGGI auction proceeds. And from NY Green Bank's net income unrestricted net position increased from $5.7 million to $9.1 principally from higher investments. Due to the increased market rates experienced this past year. Total assets increased by $186 million to $2.3 billion, primarily due to a large increase in RGGI cash and investments from those higher anticipated allowance proceeds. And from an increase in the exec emission credit receivable, which was based on a higher generated load calculation as compared to last year's calculation, these increases were offset in part by net decreases in cash and investments due to the cumulative timing of other combined funds, collections and expenditures throughout the year.

Other notable changes, asset changes include NY Green Bank's loan loans and financial receivables and cash investments. Their book of business continues to increase year over year. This past year, the loan portfolio increased by $132 million with a corresponding decrease in cash and investments for those deployed loans. Total liabilities decreased by $23 million to $406 million, primarily from a decrease in accounts payable due to the timing of vendor billings at year end. This is a lower amount of invoices that were, was received and remain unpaid at March 31st of this year. As compared to the same time last year, this decrease was off, was offset in part by an increase in accrued expenses for actual and estimated expenses incurred where those costs were not yet billed to NYSERDA by those by vendors.

Total revenues of $1.6 billion were $127 million less than budget, primarily from lower utility surcharge assessment revenues from lower offshore wind port development site appropriations, and from the deferment of the Clean Energy standard ZEC Backstop collection. The utility surcharge assessment and the court development appropriation are both intended to be reimbursement mechanisms for program spending. These two revenues were less than budget due to lower spending than was anticipated in the budget. ZEC backstop revenues were not received the fiscal year due to a deferral of a Public Service Commission Order authorizing the collection of these revenues, which are now anticipated to start this fiscal year due pursuant to a recently approved June Public Service Commission Order. These variances were offset by an increase in RGGI auction proceeds and from higher interest earnings on investments due to higher rates than what were assumed in the budget. Total expenses of $1.4 billion were $327 million less were 18.6% of that, of that number program expenditures were $326 million or 19.7% below budget due to the timing of expenditures in the NY-Sun Clean Energy Fund, the Clean Energy Standard and the energy storage programs.

Variance in the NY-Sun is primarily driven by general solar market challenges affecting the volume of community and residential solar projects reaching completion. The understanding in the clean energy, clean energy fund, clean energy standard and energy storage programs were driven by persistent economic conditions that were not expected to continue, but are continuing to impact project completion and spending timelines such as continued inflation on ongoing supply chain constraints and labor challenges. To name a field, your packet includes separate standalone financial statements for NY Green Bank. NY Green Bank ended the fiscal year with $1 billion in total assets. Cash and investments decreased by $99 million, primarily due to additional capital deployed for new and existing transactions in a portfolio as well as cash used to terminate the prior year monetization transaction, which was in essence the repurchase of a subset of loan interests that were originally sold in the prior year.

In total loan and finance receivables increased by $132 million. The increase is primarily due to the deployment of new loans and finance receivables and the, and the aforementioned reacquisition of a portion of receivables related to the prior year monetization loan transaction regarding loans and finance and receivables. Management continues to use a specific identification method for asset impairment. There was one impairment reported at fiscal year in the amount of $141,000, which represents 0.02% or two tenths of 1% of the overall Green Bank loan portfolio. While other portfolio loans and receive financial receivables have been assessed at their recorded appropriate carrying value, total operating and non-operating revenues of $51.1 million were $20 million higher than budget, resulting in a net income of $35 million. This was principally related to the following, higher loan interest income on larger outstanding loan balances, higher interest rates associated with various loans in the portfolio, higher investment income as a result of increased bond deals and from loan transaction fees. Total New York event expenses were generally in line with budget. NY Green Bank's cumulative net profit since its inception in 2014 is $89 million. And in closing, we had another successful year. Our control environment remains strong. NY Green Bank continues its solid earnings performance. Our, our ending unrestricted deposition remains appropriate to meet working capital needs, and we continue our long track record of receiving clean audit opinions. This concludes my report and I'll be happy to answer any questions at this time. Mike Fagan from the NY Green Bank is also available for any questions.

Sadie McKeown:
So the, the rates that you charge to borrowers, are they floating? Is that why revenue? Is that because the rates are tracking with <inaudible> or

Peter Mahar:
Yes, and I'll, I'll, I'll also bring Mike Fagan in on this as well, but yes, they, we do charge a, you know, what a market rate they're not subsidized. So we are working with what the current market conditions will, will prevail.

Sadie McKeown:
And your cost of capital is relatively fixed, which is why you're seeing increase in income. Right. For Green Bank. Yes. Look, you <laugh>,

Peter Mahar:
Mike, do you have anything you'd like to add?

Michael Fagan:
No, you, you got it Pete. We're okay. I've been answering any of the questions though, if anyone has any.

Chair Kauffman:
Well, so I, I, I have some things questions that are around this report. So one, one would relate Pete to what you're talking about in terms of programs and, and, and maybe you're gonna talk about this in your, in your President's Report, just about whether some of the issues that led to under, under spending and program, how we feel about that. Are you gonna talk about that later?

Doreen Harris:
I would say the place where we may actually cover this is in the PPC report. Okay. from Jen Meissner. Okay. Which is getting at this question of sort of trajectory toward particularly 2030 goals. Okay. And our investments associated with it.

Chair Kauffman:
Okay. So we can wait. Then the second question relates to the ZECs and, and I'm just trying to piece together structure the ZECs with what the feds are doing now to support nuclear.

Peter Mahar:
Richard, I can I, I'd be happy to bring back at the PPC meeting an update for that question. I don't, I don't have specific details on that at the moment.

Doreen Harris:
You're talking about the potential for upside on the part of the generators and how it would impact our contracts. Yeah, yeah. That's, that's significant. Our, our legal team is, is working on, okay. I'll call it contractual matters related to that adjustment that could be made.

Chair Kauffman:
Okay. And then the other, the other question is just really a process question relating to the Green Bank and sir, do, do you have a, a watch list of assets that, that who and who reviews that?

Pam Poisson:
Okay. Yes. With respect to Green Bank. Yeah. yes. And, and Mike, please, please chime in. There's basically a evaluation Committee. I'm probably not getting the name exactly right, but reviews the entire portfolio on a monthly basis. Actually Mike, do you wanna go into that? I do sit on that Committee and I think that it's a very Yeah, sure, sure. Internal problems.

Michael Fagan:
Yeah. So Sure, no problem. So Pam's absolutely right. The evaluation Committee consists of Pam, myself, Andrew Kessler, and Brian Lee. And every month we go through the entire portfolio. Each investment team is responsible for, you know, their own deals. And we go through each one for both credit activity and greenhouse cash reduction activity to make sure that everyone is in line. So the due diligence is done every month. And they will flag any potential quote unquote problem investments or things that we really need to, you know, make sure we are evaluating. So we do that on a monthly basis and we do it on a quarterly basis, even in more detail as well. So it's pretty substantive based on everyone's, you know, staying in touch with the borrower and making sure that they, you know, have all the financial information from the borrowers as needed.

Pam Poisson:
Thank you. And, and I might just compliment on the NYSERDA side of the shop at the Green Jobs-Green New York loans. We similarly review those and report on them on a monthly basis looking at of gross and net default rates and delinquencies, you know, in all the aging buckets that one would typically see. And we benchmark that to some industry-wide reports of comparable loan trends to make sure that Green Jobs-Green New York, which is already over collateralized and thus in very good shape that that is not tracking any differently than what the prevailing trends are.

Sadie McKeown:
So I have a question understand completely how to track and execute on an asset that's in default from a financial perspective. But you mentioned greenhouse gas reduction, so I'm wondering how you track that and what, what you do if someone is not achieving a greenhouse gas reduction that they suggest that they're going to achieve.

Pam Poisson:
So in terms the, oh, sorry. Yeah, Mike.

Michael Fagan:
No, I, I was gonna say that's not exactly my wheelhouse. That is would be Zach Montebelle and his team. I'm also happy to get back to you with any additional information that I can obtain. And I get back to you later today on exactly what happens. But they do, they are monitoring everything. I know Zach works with Jen Meissner’s team as well to make sure that we, they are making sure that, you know, the, the targets are, are being hit as best as possible, but for additional information, I can, I'm happy to circle back later on.

Pam Poisson:
And Mike, that's a, that's a good translation too. I think what will be also covered perhaps in the PPC discussion this afternoon is where, you know, where are we headed on that front progress that's being made in terms of the evaluation of all of our programs. So yeah, that's where the investment side, the results come together.

Sadie McKeown:
I ask really, because Greenhouse gas reduction fund is coming and it's primary focus is on greenhouse gas reduction is grant money to the recipient. So obviously financial metrics matter, especially, we're putting it out as loans, but and I'm sure you have the infrastructure. I'm more curious than anything as to what the infrastructure looks like relative to measuring greenhouse gas reduction inland. I'm assuming the Green Bank gets a nice Board and some capacity from somewhere <laugh> relative to the Greenhouse Gas Reduction Fund. So just wanna make sure we're prepared.

Chair Kauffman:
Okay. Other questions for Peter? All right. We will consider a resolution recommending approval of financial statements after we've met an executive session with the independent auditors, which leads us to, may have a motion to convene in a executive session to discuss the Authority’s financial position?

Sadie McKeown:
Second.

Chair Kauffman:
Thank you. All in favor?

Members of the Committee:
Aye. Aye.

Chair Kauffman:
Any opposed? Alright. The resolutions approved. The Members will now enter into executive session. I'd like everyone but the Members, the independent auditors, and the director of internal audit to please leave the room during the executive session. Excuse me. The webcast will remain up upon a return. We will reconvene the meeting.

Chair Kauffman:
We're back? Okay. Great. Thank you. The meeting is reconvened in open session. No action was taken during the executive session. I have a motion recommending adoption of the financial statements of Authority and NY Green Bank.

Sadie McKeown:
So moved.

Sherburne Abbott:
second.

Chair Kauffman:
Right? All in favor?

Members of the Committee:
Aye. Aye.

Chair Kauffman:
Any opposed? The financial statements of the Authority and NY Green Bank have been recommended for approval. Thank you. The next item to be considered is the appointment of KPMG, LLP as the Authority's, independent auditors fiscal year 2023-2024. Pam, you discuss this item?

Pam Poisson:
Yes. The Members are requested to approve a resolution appointing KPMG, LLP as the independent honors of the Authority for fiscal year end in March 31, 2024. KPMG will perform a financial statement, audit and deliver an opinion with regard to the Authority's consolidated financial statements, as well as separate standalone financial statements for NY Green Bank. The firm's fees and expenses for these services will not exceed $132,150. in May of 2021. The Authority competitively selected KPMG through a Request for Proposal number 4732 for audit services. Excuse me. That proposal sought independent public accounting firms to provide audits of the Authority's basic financial statements, NY Green Bank and the other post-employment benefits trust from initial one term eligible for four annual renewal options. Apologies for a total contract term of up to five years the independent auditors will conduct the audit in accordance with auditing standards generally accepted in the United States of America. And the standard for financial audits contained in government auditing standards issued by the Comptroller General of the United States, with the objective of expressing an opinion on whether the presentation of the financial statements conformed to generally accepted accounting principles. Those services are identical to those approved by the Board with KPMG for the fiscal year ended March 20 excuse me, March 31, 2023.

The firm's fees and expenses for these services will not exceed $132,150. That fee is consistent with their pricing proposal. The audit if approved, will represent year three of the five year contract under the RFP.

Chair Kauffma:
Okay. So was it $3,150 increase from last year's?

Pam Poisson:
Yes. Just about two and a half percent year. I just wanna say what a good price you got <laugh>. Exactly.

Chair Kauffman:
You, you've been, you've been happy. And the, so there was a change in the, in the, in the audit partner.

Pam Poisson:
Yes. cycled out as is typical. So

Chair Kauffman:
How often is the audit partner? Five years. So, Dean, so Dean, when, when did Dean start this? Just this all year. Okay. All, and Jeff and Jeff have been, it's easy to remember <laugh>,

Michael Fagan:
Jeff Mabb has been the, the Senior Manager for probably the last five years on this. There's no requirements for him to rotate off. And Jeff Coach is just a, another, like a concurring Partner on, on the engagement. Just for more, more advice. Okay. Questions. Alright. So, may I have a motion recommending appointment of KPMG, LLP as the Authority's, independent auditor auditors for fiscal year 2023-2024.

Sadie McKeown:
So moved

Sherburne Abbott:
Second. So, but this resolution needs to be edit. Because it says fiscal year ending 23. Aren't we doing, isn't it? It's 20. Yeah,

Sara LeCain:
You're right.

Chair Kauffman:
I see it. Right. Very good. Okay. Very good.

Pam Poisson:
Okay. Thank you.

Chair Kauffman:
You. You're welcome. Okay. So would that change? All in favor?

Members of the Committee:
Aye.

Chair Kauffman:
Okay. Any opposed? Very go. Okay. The appointment of KPMG, LLP as the Authority's, independent auditors fiscal year 2023-2024, has been recommended for approval. The next item is the annual Bond sales report. Pam, will you discuss this item?

Pam Poisson:
Yes. Thank you, Chair Kauffman. Pursuant to requirements of the Public Authority's Law, we are requesting that the Members adopt a resolution approving submission of the Annual Bond Sale report. The Annual Bond Sale report indicates that during the year, the Authority completed one new issuance, no conversions, and no refundings. The schedule of Authority bonds outstanding provides a detailed listing of the Authority's bonds issued and outstanding as of March 31, 2023, totaling approximately $1.6 billion. I would be happy to answer any questions on this topic. That concludes my report.

Chair Kauffman:
Okay. All right. So, so the, so the one issuance was

Pam Poisson:
Yes. The, the one issuance was my service issuance of the asset backed bond, the concluded in August of 20, 2022. This group may recall that was a typical composition of energy efficiency and solar loads primarily, albeit somewhat groundbreaking in that we were able to include some financing for heat pumps in there as well. So going in a good direction, it was over subscribed and met our expectations in terms of advancement.

Chair Kauffman:
And so do we, do we talk about this at the, we talked about this before, right?

Pam Poisson:
Yes, sorry. So this is the typical annual report is a requirement. But the authorization for the upcoming annual bond issuance was concluded in the April Board meeting. We're

Chair Kauffman:
Tracking, this is okay. Alright. So are there any questions for Pam? In that case, we have a motion recommending approval of the Authority's annual bond sales report. So, okay.

Sadie McKeown:
Second.

Chair Kauffman:
All in favor?

Members of the Committee:
Aye.

Chair Kauffman:
Bond sales report has been recommended for approval. Thank you, Pam. The next item on the agenda is the review and approval of the Audit and Finance Committee Charter pursuant to the Public Authority's Accountability Act in 2005, each of the Authority's Committees adopted Charters setting forth each Committee's responsibilities. One of those responsibilities is to periodically review its Charter and to determine what, if any amendments need to be made. These recommendations are then presented to the full Board for consideration and approval. A copy of the current Committee Charter was included in your meeting package. Council's Office continually monitors relevant guidance from the Authority's Budget Office, the Comptroller's Office, legislation, and other Authority practices to determine whether to recommend any modifications. Other Authority's reviewed include the New York Power Authority, Long Island Power Authority, Dormitory Authority, and the Environmental Facilities Corporation Management is not recommending any changes to the Audit and Finance Committee Charter at this time. So are there any questions or suggested changes to the Charter by Members?

Sherburne Abbott:
I just ask the general question about these. There was I was gonna do in the PPC, but this one comes up first. Is it, I assume you've done all the, the review against legislation and stuff, but it seems to me that the one thing that is not in any of these is any reflection on the climate law. So are, are we sure that everything that is expected to be done by oversight of these Committees is consistent with that the language is consistent with the new responsibilities of the Authority, with respect to the cs CLCPA and other related more?

Peter Costello:
Yeah, I guess I'm not seeing the intersection between the two that would have particular language. The charge are meant to be as broad as possible in terms of our Authority's

Sherburne Abbott:
And usually in Yeah. The terms of they are, are, they are, but they're not, they're at least for PPC, they're really focused on specific programs. Mm-Hmm. <affirmative>. Right. So I, it's just a general question whether I assume that this was the case, but I, but, but, and I maybe, yeah,

Peter Costello:
I can't, I cannot, we, we can certainly continue to think about this, but I can't think of a misalignment between the climate law and any of these Charters or response to this Board. Good question. Mm-Hmm.

Chair Kauffman:
All right. If there are no other questions or suggested changes to the Charter I'd like to have a motion recommending approval of the audit finance Committee Charter.

Sadie McKeown:
Second

Chair Kauffman:
Back and forth here.

Members of the Committee:
Aye.

Chair Kauffman:
Okay. All favor? Yes. Okay. The Committee's Charter has been recommended for approval, so other business. Are there additional items the Committee Members wish to discuss in that case? May have a motion to adjourn.

Sadie McKeown:
So moved.

Sherburne Abbott:
Second.

Chair Kauffman:
All in favor?

Members of the Committee:
Aye. Aye.

Chair Kauffman:
Okay. The meeting's adjourned. Thank you.