

MINUTES OF THE ONE HUNDRED THIRD MEETING OF THE
AUDIT AND FINANCE COMMITTEE
HELD ON JUNE 22, 2009

Pursuant to notice dated June 12, 2009, a copy of which is annexed hereto, the one hundred third (103rd) meeting of the Audit and Finance Committee of the NEW YORK STATE ENERGY RESEARCH AND DEVELOPMENT AUTHORITY ("Authority") was convened at 12:30 p.m. on Monday, June 22, 2009, in the Authority's Albany office at 17 Columbia Circle, Albany, New York; by video conference in the Authority's New York City office at 485 Seventh Avenue, 10th floor, New York, New York; by video conference in the Authority's Buffalo office at 726 Exchange Street, Suite 821, Buffalo, New York; and by webcast.

The following members of the Committee were present in Albany, unless otherwise indicated:

Robert B. Catell (*by video conference from New York City*)

George F. Akef, Jr.

Vincent A. Delorio, Esq., *ex officio*

Jay L. Gottlieb (*by video conference from New York City*)

Also in attendance was Authority Member Dr. Elizabeth W. Thorndike. In addition, Francis J. Murray, Jr., President and CEO; Robert G. Callender, Vice President for Programs; Jeffrey J. Pitkin, Treasurer; Hal Brodie, Esq., General Counsel; Jacquelyn L. Jerry, Esq., Deputy Counsel and Secretary to the Audit and Finance Committee; Peter V. Mahar, Controller and Assistant Treasurer; Mark B. Mitchell, Director of Internal Audit; Donna Gonser and John Schiavone from Lumsden & McCormick, LLP; and various other members of the staff of the Authority were present.

Mr. Catell called the meeting to order and noted the presence of a quorum. He stated that the meeting notice and agenda were mailed to the Audit and Finance Committee members and press on June 12, 2009.

Mr. Catell indicated that the first item on the agenda concerned the approval of the minutes of the one hundred second meeting of the Committee held on April 27, 2009.

Whereafter, upon motion duly made and seconded, and by unanimous voice vote, the minutes of the one hundred second meeting of the Committee held on April 27, 2009, were approved.

Mr. Catell indicated that the next item to be considered was the Authority's Annual Investment Report ("Investment Report") and its Investment Guidelines, Operative Policy and Instructions (June 2009) ("Investment Guidelines"). Mr. Pitkin explained that the Investment Guidelines set forth the policies and procedures for the investing, monitoring, and reporting of the Authority's investments. The Members are required to review and approve the Authority's investment policies, annually, pursuant to Public Authorities Law Section 2925. No changes are recommended to the Investment Guidelines that are currently in effect.

The Investment Report, which is also required to be approved annually, summarizes Authority investment activities and the results of those activities. The Investment Report indicates that the Authority's overall investments increased from \$563.7 million to \$698.7 million. The increase is principally due to funds that were received for specific programs administered by the Authority, but were not expended as of March 31, 2008. Mr. Pitkin summarized the various fund balances, which included an additional \$112 million from the sale of allowances under the Regional Greenhouse Gas Initiative ("RGGI") and Clean Air Interstate Rule ("CAIR") programs; an increase of \$37 million for system benefits charge ("SBC") funded programs under the Energy Efficiency Portfolio Standard ("EEPS"); and an increase of \$29.4 million in Renewable Portfolio Standard ("RPS") funds.

The Investment Report indicates that the composition of the Authority's investments changed from the prior year, with a reduction in the percentage of total investments in Federal government obligations and a corresponding increase in the percentage of total investments in certificates of deposit. These changes were made primarily to take advantage of higher rates of return available on certificates of deposit.

As a result of the generally lower market interest rates, interest earnings for the fiscal year ended March 31, 2009, decreased by \$3.6 million to approximately \$15.9 million and the rate of return on the Authority's investments was approximately 2.7%, compared to a return of 4.0% in the prior year. By comparison, the average monthly yield for United States Treasury obligations with a one-year maturity was 1.3%. The average monthly yield for nationally offered six-month certificates of deposits was approximately 2.7%.

Lastly, the Investment Report includes a report from the independent auditors, Lumsden & McCormick, LLP, indicating that, in their opinion, the Authority has complied with the New York State Comptroller's Investment Guidelines for Public Authorities and relevant sections of the New York State Public Authorities Law.

Mr. Catell stated that a resolution considering approval of the Investment Report and Investment Guidelines would be considered after the Committee members met in executive session with the independent auditors.

Mr. Catell stated that the next discussion item concerned the Authority's financial statements. Peter Mahar, the Authority's Controller and Assistant Treasurer, explained that the Committee members are requested to recommend adoption of a resolution approving the Authority's annual audited financial statements for the fiscal year ended March 31, 2009. The independent auditors will issue an unqualified opinion on the financial statements. Mr. Mahar added that some minor editorial changes were made to the financial statements after the meeting packets were mailed to the Audit and Finance Committee members.

For fiscal year 2008-2009, a change was made on the Statement of Net Assets to segregate restricted and unrestricted cash and investments. The change provides more disclosure for funds that are restricted for use in specific programs.

Cash and investments increased by approximately \$132.8 million. This increase is primarily due to revenues exceeding expenditures in the RGGI, New York Energy Smart, EEPS, CAIR, and RPS programs on March 31, 2009. All of these program funds are considered restricted.

In March 2008, the New York State Public Service Commission issued an Order extending the Consolidated Edison System Wide Demand Management Program for another year, allowing the Authority to use \$21.8 million in uncommitted funds over the one-year extension and requiring the Authority to refund to Consolidated Edison Company of New York, Inc. ("Con Edison") all other uncommitted funds plus interest. Therefore, during the fiscal year, the Authority refunded \$30.5 million to Con Edison, which reflected the uncommitted funds plus interest.

With respect to the \$21.8 million, during the one-year extension, the Authority realized \$20.1 million in program revenue. Thus, deferred revenue was reduced and the remaining \$1.7 million will be refunded to Con Edison.

In accordance with Governmental Accounting Standards Board Statement No. 45 ("GASB 45"), Accounting for Post-Employment Health Insurance Benefits, the Authority increased the long-term liability in the Statement of Net Assets from \$2.8 million to \$7.1 million representing post-employment health care costs that will come due in the future, based on an updated actuarial valuation. Since the Fund Balance Sheet is not presented on an accrual basis like the Statement of Net Assets, the liability is not recorded on the Fund Balance Sheet.

The resolution includes the designation of \$7.1 million of Fund Balance in the Fund Balance Sheet in an effort to use unrestricted financial resources for the payment of post-employment health insurance benefits and to provide consistency between the Entity Wide and the Governmental Fund Financial Statements. The designation of Fund Balance is not a legal restriction, but recognizes management's intent to use the unrestricted Fund Balance for the future payment of post-employment health care benefits.

During this fiscal year, the Authority implemented Governmental Accounting Standards Board Statement No. 49 ("GASB 49"), Accounting and Financial Reporting for Pollution Remediation Obligations. In accordance with GASB 49, no liability has been included in the Authority's financial statements, as of March 31, 2009, for this contingency. This is because the Authority expects to continue to be reimbursed from State appropriations for the State's share of the costs of the Western New York Nuclear Demonstration Project ("West Valley"), any costs the Authority may incur in relation to the State Disposal Area, and the costs associated with negotiating and, if necessary, litigating disputes the Authority may have with respect to West Valley.

Related to the increase in Cash and Investments, Restricted Net Assets increased by approximately \$177.6 million, primarily due to program funds received, but not yet expended, in connection with the RGGI, New York Energy Smart, EEPS, CAIR, and RPS programs.

The Unrestricted Net Asset balance of \$1.3 million is lower than expected by approximately \$700,000. This is primarily due to the timing of Capital Asset costs associated with the infrastructure improvements at the Saratoga Technology + Energy Park and an increase in the governmental cost recovery fee of approximately \$2.2 million. In addition, this balance is below the Authority's historical reserve balance of \$2 million, and will be monitored closely over the next fiscal year; management intends to return the balance to historic levels.

Included in the meeting packet were additional reports issued by the independent auditors under governmental auditing standards. The independent auditors disclosed no instances of noncompliance or material weaknesses, found management's estimates and financial disclosures reasonable, found no misstatements or disagreements, and offered no management letter comments to address control weaknesses or suggestions for improvement.

In response to an inquiry from Mr. Catell, Mr. Pitkin stated that staff is not concerned that the Authority would lose any funds not committed at the end of the fiscal year because the difference in contractual expenditures between the 2007-2008 fiscal year and the 2008-2009 fiscal year is due primarily to RGGI. Mr. Pitkin explained that when the RGGI regulations were adopted, the Authority anticipated using the funds, but the litigation has delayed the start of the program. Additionally, Mr. Pitkin explained that the proposed Energy Efficiency Services and Research and Development Program budgets always include the use of funds appropriated by the New York State legislature. These funds are estimated at the time of the approval of the budgets by the Members because staff is unable to forecast what, if any, funds will be appropriated.

With respect to the funds that the Authority has not yet committed, Mr. Pitkin explained that page 18 of the financial statements includes a footnote detailing what funds are committed and what funds the Authority had at the close of the fiscal year. For major programs such as SBC, the funds are not fully committed because it is a multi-year program and funds should be used throughout the length of the program.

Mr. Murray explained that the Authority is most concerned with the RGGI funds, because of the litigation, and the related issues will be discussed with all the Members during the Board meeting. Most other uncommitted funds are restricted to specific uses and the use of the funds is not likely to be challenged.

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

Resolution No. 342

RESOLVED, that pursuant to Section 105 of the Public Officers Law, the Members of the Audit and Finance Committee of the New York State Energy Research and Development Authority shall convene in executive session for the purpose of reviewing the financial condition of the Authority.

The Committee members then met with only the independent auditors in executive session.

Mr. Catell reconvened the meeting in open session. Mr. Catell announced that no formal action was taken during the executive session. He said that the Committee members had a complete and thorough discussion with the independent auditors and that the independent auditors stated that Authority staff was responsive to their requests for information.

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

Resolution No. 343

RESOLVED, that the Audit and Finance Committee recommends that the Members of the Authority adopt a resolution in substantially the same form as the resolution submitted to the Committee (attached as Exhibit A), approving and adopting the 2008-2009 Annual Investment Report and the Investment Guidelines, Operative Policy and Instructions (June 2009), substantially in the form submitted to the Committee (attached as Exhibit B).

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

Resolution No. 344

RESOLVED, that the Audit and Finance Committee recommends that the Members of the Authority adopt a resolution in substantially the same form as the resolution submitted to the Committee (attached as Exhibit C), approving the Authority's Financial Statements as of March 31, 2009 (attached as Exhibit D).

Mr. Catell then said that the next agenda item concerned the appointment of independent auditors for fiscal year 2009-2010. Mr. Pitkin explained that the Committee members are asked to approve a resolution appointing Lumsden & McCormick, LLP, as the independent auditors of the Authority for the fiscal year ending March 31, 2010. The fees and expenses for the audit would not exceed \$41,700. Lumsden & McCormick was competitively selected in 2007 under a mini-bid of firms pre-qualified by the New York State Office of General Services ("OGS") under a State contract for audit services. The Authority may renew the agreement annually for one-year extensions, through the fiscal year 2009-2010 audit, with annual adjustments in the fees pursuant to escalation clauses in the underlying OGS contract. This is the third and final year of the contract. Staff will issue a competitive solicitation to select independent auditors for fiscal year 2010-2011.

A copy of the 2009-2010 engagement letter from the independent auditors explaining their proposed services was provided to the Committee members. This engagement letter is consistent with the fiscal year 2008-2009 engagement letter.

Staff has been satisfied with the performance of Lumsden & McCormick and recommends their reappointment for fiscal year 2009-2010.

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

Resolution No. 345

RESOLVED, that the Audit and Finance Committee recommends that the Members of the Authority adopt a resolution in substantially the same form as the resolution submitted to the Committee (attached as Exhibit E), appointing Lumsden & McCormick LLP as the Authority's independent auditors for fiscal year 2009-2010.

Mr. Catell indicated that the next agenda item was the Annual Bond Sale Report ("Bond Sale Report") and he called upon Mr. Pitkin to discuss this item. Mr. Pitkin explained that, in accordance with Public Authorities Law Section 2800, the Committee members are asked to adopt a resolution approving the Bond Sale Report. The Bond Sale Report indicates that the Authority participated in the interest rate conversion of six bond series during the 2008-2009 fiscal year with principal amounts totaling \$311.7 million. These conversions are expected to provide interest rate savings totaling \$54.7 million over the remaining terms of the bonds.

As required, a schedule of bonds outstanding as of March 31, 2009, is included as part of the report. The Authority currently has \$3.6 billion in bonds outstanding.

In response to an inquiry from Mr. Gottlieb, Mr. Pitkin stated that the Authority still has outstanding auction rate bonds. Staff has been in contact with the utilities, who have indicated that they are balancing the needs of bondholders who want liquidity against the needs of ratepayers, who might be required to support increased interest costs after conversion to a different interest rate mode. Mr. Pitkin indicated that staff will continue to monitor the situation.

In response to inquiries from Mr. Elliman, Mr. Pitkin stated that staff continues to discuss the various options with the utilities. Mr. Pitkin said that staff will provide the Committee members with updates at each Audit and Finance Committee meeting.

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

Resolution No. 346

RESOLVED, that the Audit and Finance Committee recommends that the Members of the Authority adopt a resolution in substantially the same form as the resolution submitted to the Committee (attached as Exhibit F), adopting and approving for submission pursuant to Section 2800 of the Public Authorities Law, the Authority's Annual Bond Sales Report for the fiscal year April 1, 2008 through March 31, 2009 (attached as Exhibit G).

Mr. Catell indicated that the next item on the agenda was a report on the implementation of information technology ("IT") general controls. Mr. Pitkin explained that, at the last meeting, the Committee received the results of a recent review of the Authority's IT general controls which was completed by KPMG LLP ("KPMG") and the Authority's Director of Internal Audit. The purpose of the review was to assess the effectiveness of existing controls and to identify additional controls that could further protect the Authority's computer systems. The final report included certain recommendations for improving controls along with management's responses.

Mr. Pitkin stated that most of the recommendations included in the report have been implemented; however, staff is still in the process of implementing a few of the measures.

First, the report recommended that the Authority segregate the functions of the Information Security Officer ("ISO") from those of the Chief Information Officer ("CIO") who also serves as the Director of Information Technology. The growth of the Authority's programs and its IT systems warrants additional attention to matters of information security. Therefore, the Authority has started recruiting to fill an additional position in IT. This new hire will be solely responsible for information security matters and will report directly to the Treasurer, providing the necessary segregation suggested in the report's recommendation.

Second, staff is in the process of developing a new automated system, the NYSERDA Enterprise Information System (“NEIS”). This system will formally document all change requests, system change testing documentation, and user security changes. Staff is also developing a process to commit to writing the procedures that are currently being practiced, consistent with the report’s recommendations.

Lastly, staff has not yet implemented a recommendation to use separate administrator IDs for network servers or to develop written procedures to perform a semiannual review of user access for the network and all NYSERDA applications. These remaining recommendations are expected to be completed within the next two to three months.

Next, Mr. Pitkin provided a follow-up report to the Committee members on the status of implementing the NEIS, which is the Authority’s new financial management system using PeopleSoft. As stated at the April 2009 Committee meeting, this system became operational on April 12, 2009 for all transactions processed at the start of the fiscal year on April 1, 2009. The NEIS implementer’s project management activities ultimately led to a compression of activities near the end of the project schedule, and as a result, management made a decision that the benefits of implementing the system at the start of the fiscal year outweighed the benefits of fully completing all development and training efforts.

Implementing any new computer system is expected to bring about initial inefficiencies as staff adapt to the system, and also as certain unanticipated issues arise and must be resolved. This has been the case with this project as well. Implementation of the NEIS led to an overall delay in the timeliness of the Authority’s contract and payment processes.

Since the Authority effectively stopped processing transactions in the prior system on March 25, 2009, and the new system was not operational until April 12, 2009, there was an approximately three-week backlog in the processing of both contract actions and payments.

In addition, unrelated to NEIS, the Authority had been experiencing delays in processing program applications in certain energy efficiency programs. As a result, staff found that many payment requests were being processed near the end of the thirty-day prompt payment deadline. Furthermore, some payment requests could not be processed because they were dependent upon the processing of contract actions that were stopped due to the implementation of the new system. As a result of these delays, the Authority has received a number of complaints from contractors and customers about delays in their payment requests.

Management responded to this situation in a number of ways. First, temporary staff was hired for Finance, Contracts, and certain program areas to assist with data entry to catch up with processing backlogs. Second, staff streamlined the approval process for a rebate-like energy efficiency program, thereby dramatically reducing the time needed to process applications. Lastly, the Authority's President and CEO, Francis J. Murray, Jr., stressed to staff the importance of ensuring that the Authority is timely in its contract and payment processes. In order to monitor the backlog, President and CEO Murray set up a reporting process to provide him with a status update twice a week. Mr. Pitkin concluded this discussion by explaining that there has been substantial progress in reducing the backlogs, and staff expects to be back to normal processing within the next two to three weeks.

Mr. Catell stated that the next item on the agenda was a report on three audits conducted by Mark Mitchell, Director of Internal Audit, and KPMG. At Mr. Catell's request, Mr. Mitchell discussed the second phase of a quality assurance ("QA") review. The second phase was conducted to assess key implementation activities up to and shortly after the conversion to the NEIS. Mr. Mitchell reported that, although the implementation went well, there were some missed opportunities because of the compression of the work schedule in March and April. They were identified in four draft internal audit reports which have been provided to management and are under consideration. The reports note several strengths with the project implementation activities, and also provide observations and recommendations for improvements. While the majority of the recommendations were resolved prior to go-live,

there are three observations and recommendations that will be relevant during future enhancements of the NEIS system and for future system development initiatives. They include improving project management in the future by increasing the effectiveness of the software testing efforts; completing the development of new software before implementation; and increasing initial user acceptance and proficiency by communicating the impact of forthcoming changes to staff, and ensuring that user training activities are effectively developed and delivered to all affected staff before a software change is implemented.

The Authority's management has indicated that it is in agreement with the recommendations, and that they will be implemented.

Next, Mr. Mitchell provided the Committee members with a report on IT internal controls. KPMG assessed the IT internal controls by evaluating data integrity controls and business system controls. The review of data integrity controls covered two areas: the inputting of data into the NEIS and the controls associated with data interfaces with key computer systems, such as the computer system used by the Authority's payroll processing contractor.

Mr. Mitchell explained that two key controls must be maintained to support financial statement audits. The first is that each time data is transferred across the interfaces, the source and target systems should be reconciled to each other. Second, every reconciliation should be documented and the documented results should be maintained so they may be reviewed. Although the Authority is following these procedures informally, management has indicated it plans to implement these processes on a more formal basis.

In addition, management has also agreed to document the process for each of the Authority's electronic interfaces so that a person who is unfamiliar with the process can successfully run the interface by following the instructions.

With respect to the business system controls review, the Authority demonstrated that it either had or was in the process of designing and implementing a strong set of automated controls. These controls include electronically checking budgets before purchase orders are approved; limiting access to the vendor file; automating accounting entries; and ensuring that contracts, purchase orders, and payments are each properly authorized.

The audit also suggests that the Authority further limit employee access to certain sensitive functions such as the ability to modify and inactivate vendors. Management is in agreement with many of the recommendations, but has not yet completed their review.

Mr. Mitchell said that final reports will be prepared once management has completed their review and responded to the various draft sets of recommendations. Mr. Mitchell said he will then conduct a follow-up review within twelve months of the reports being finalized.

Lastly, Mr. Mitchell discussed a review of the Authority's IT security requirements, which have changed considerably as a result of the implementation of the NEIS. KPMG reviewed the existing security measures in place, as well as the impact of the NEIS implementation. The assessments covered overall security strategy and policy; the design of the network; the configuration of the operating system and the database; and the application security within NEIS.

The report also recommends that the Authority continue and complete its efforts to classify and control its data using a more formal process. The New York State Office of Cyber Security and Critical Infrastructure Coordination ("CSCIC") issued the guidance making the formal classification and control of data a best practice. Management has agreed to continue efforts to complete data classification, and, based on the results, assure that appropriate controls have been applied to the data.

With respect to the design of the Authority's network, the report indicated that the Authority has a computer network that is well designed to meet its internal requirements and to support organizational growth.

Mr. Mitchell explained that during the review of user security and the architectural design of the NEIS application, KPMG found a potential design issue in one component of the software which could have affected system performance and might have created a security vulnerability. Based on KPMG's analysis, management engaged CSCIC to perform a vulnerability analysis of this component of the application, which uncovered a number of critical vulnerabilities. As a result, management chose not to implement this component of the system during the initial implementation. Also, the component is not needed by staff for processing transactions. If the issue can be resolved, however, and the component is able to be used, it will increase staff productivity. Management is working with the NEIS project implementer and the software vendor to assess the extent of the vulnerabilities and how they can be resolved.

Also, in response to management's request, user access controls within the NEIS were reviewed to determine whether user access rights have been designed with an adequate segregation of duties. The analysis identified certain changes for management to evaluate. A review of progress on implementation was recently conducted, and these results were presented to management for their review. Mr. Mitchell concluded his presentation by explaining that some of the recommendations have been adopted and others are in the process of being analyzed.

Mr. Catell indicated that the next item on the agenda was a report on establishing a trust account for GASB 45 post-employment funds. Mr. Pitkin explained that, at the April Committee meeting, staff presented the results of an updated actuarial valuation of post-employment health insurance benefits under GASB 45. Although GASB 45 does not require a segregated trust account to be established for funds held to meet future costs, there may be

benefits to the Authority in doing so. The Committee asked that staff provide a report on the advantages and disadvantages associated with establishing a trust.

Recently, staff learned that the New York Power Authority (“NYPA”) established a trust account after selecting a third party custodian through a competitive process. NYPA also engaged an investment advisor to assist in developing a diversified, longer-term and higher-return investment portfolio strategy and the strategy is being managed by third-party, competitively-selected, investment managers. To date, NYPA has funded approximately \$225 million to meet its GASB 45 liability, which has been estimated at approximately \$325 million.

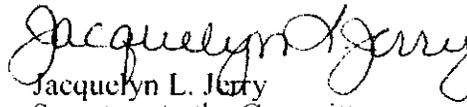
From the Authority’s perspective, establishing a segregated trust account would legally segregate Authority funds for health insurance benefit costs in the future and could not be used for any other purpose. To accomplish this, staff is looking into two possible alternatives. The first alternative would be to enter into an agreement with the New York Department of Taxation and Finance (“Tax and Finance”), the Authority’s statutory fiscal agent, to serve as trustee; another alternative is to competitively select a trustee. Staff has initiated discussions with Tax and Finance staff to determine the feasibility of these approaches.

Mr. Pitkin explained that if a trust account is established, the Authority would need to set parameters for the types of investments that would be authorized, which could affect the trustee-selection process. There are several possible approaches. One approach would be to only authorize investments that are currently authorized under the Authority’s Investment Guidelines, which limit investments to Federal government obligations and fully insured or collateralized investments, and also generally limit investments to those with shorter-term maturities. A second approach would be to modify the Investment Guidelines to allow investments in longer-term securities, but only in the same types of government obligations and collateralized investments that other Authority funds are invested in. A third option

would be to expand the Investment Guidelines to allow a more diversified investment portfolio and to possibly select professional investment managers for each investment class. This last approach is similar to the approach used by NYPA. This third option would also require using a third party trustee, however, since Tax and Finance policies do not allow investment in these types of investments on behalf of State entities. Staff will continue to work with Tax and Finance to determine an appropriate approach and will seek the Committee's approval of the chosen approach.

Mr. Catell asked if there were any other matters the Committee members wished to discuss. There being none, upon motion duly made and seconded, and by unanimous voice vote, the meeting was adjourned.

Respectfully submitted,


Jacquelyn L. Jerry
Secretary to the Committee

NOTICE OF MEETING AND AGENDA

June 12, 2009

TO THE MEMBERS OF THE AUDIT AND FINANCE COMMITTEE:

PLEASE TAKE NOTICE that the one hundred third (103rd) meeting of the AUDIT AND FINANCE COMMITTEE of the New York State Energy Research and Development Authority will be held in the Authority's Albany Office at 17 Columbia Circle, Albany, New York, and by video conference in the Authority's New York City Office at 485 Seventh Avenue, 10th Floor, New York, New York, by video conference in the Authority's Buffalo Office at 726 Exchange Street, Suite 821, Buffalo, New York, and by webcast, on Monday, June 22, 2009, commencing at 12:30 p.m., for the following purposes:

1. To consider the Minutes of the 102nd meeting held on April 27, 2009.
2. To consider and act upon the Annual Investment Report of the Authority and the "Investment Guidelines, Operative Policy and Instructions (June 2009)".
3. To consider and act upon the Financial Statements of the Authority for FY 2008-09.
4. To consider and act upon a motion to enter into executive session for the purpose of reviewing the financial condition of the Authority.
5. To consider and act upon the appointment of the Authority's independent auditors for fiscal year 2009-10.
6. To consider and act upon an annual bond sale report.
7. To receive a report on the status of implementing recommendations from a risk assessment report concerning information technology general controls.
8. To receive a report on Phase II of a quality assurance review relating to implementation of NYSERDA's Enterprise Information System (NEIS).
9. To receive a report on Phase II of an internal controls review relating to implementation of NYSERDA's Enterprise Information System (NEIS).

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10. To receive a report on a security controls review relating to implementation of NYSERDA's Enterprise Information System (NEIS).
11. To receive a report from the Director of Internal Control on the status of the Internal Audit Plan for 2009-10 and to consider and act upon a resolution amending such Internal Audit Plan.
12. To receive a report on establishing a trust account for purposes of implementing General Accounting Standards Board Statement No. 45, concerning retiree health insurance costs.
13. To transact such other business as may properly come before the meeting.

Members of the public may attend the meeting at any of the above locations. The meeting is also available through webcast at <http://www.nyserda.org/governancemeetings.asp>.


Jacquelyn L. Jerry
Secretary to the Audit and Finance Committee