

MINUTES OF THE ONE HUNDRED FORTY FIRST MEETING OF THE
AUDIT AND FINANCE COMMITTEE
HELD ON OCTOBER 8, 2019

Pursuant to a notice and agenda dated September 24, 2019, a copy of which is annexed hereto, the one hundred fortieth (141st) meeting of the Audit and Finance Committee (the “Committee”) of the NEW YORK STATE ENERGY RESEARCH AND DEVELOPMENT AUTHORITY (the “Authority”) was convened at 11:30 a.m. on Tuesday, October 8, 2019, at the Authority’s Albany Office at 17 Columbia Circle, Albany, New York and the Authority’s New York City Office located at 1359 Broadway, 19th Floor, New York, New York. The two locations were connected by videoconference.

The following members of the Committee were present:

Richard Kauffman, *Chair of the Authority*

Sherburne Abbott

Kate Fish

Ken Daly

Chair Jay Koh was unable to attend.

Also present were Alicia Barton, President and CEO; Janet Joseph, Senior Vice President for Strategy and Market Development; Jeffrey J. Pitkin, Treasurer and Acting Secretary; Peter J. Costello, Acting General Counsel; Sara L. LeCain, Senior Counsel and Secretary to the Committee; and various other staff of the Authority.

Mr. Kauffman called the meeting to order and noted the presence of a quorum. The meeting notice and agenda were forwarded to the Committee members on September 24, 2019 and the press on September 26, 2019.

Mr. Kauffman indicated that the Committee’s Chair, Jay Koh, was unable to attend the meeting and therefore, Mr. Kauffman would lead the meeting.

Mr. Kauffman indicated that the first item on the agenda concerned the approval of the minutes of the one hundred fortieth (140th) meeting of the Committee, held on June 26, 2019.

Whereafter, upon motion duly made and seconded, and by unanimous voice vote of the Committee members, the minutes of the hundred fortieth (140th) meeting of the Committee, held on June 26, 2019 were approved.

Mr. Kauffman indicated that the next item on the agenda was a resolution recommending the appointment of two firms to serve as Bond Counsel for the Authority. Peter Costello, the Authority's Acting General Counsel presented this item.

Mr. Costello stated that the Members were requested to approve the appointment of Hawkins Delafield & Wood LLP ("Hawkins") and Nixon Peabody, LLP ("Nixon Peabody") as Bond Counsel to the Authority. Under the Authority's Financial Services Guidelines, the Authority is required to issue a solicitation for bond counsel services every 5 years. In accordance with those guidelines, the Authority issued a solicitation for engaging bond counsel services in July 2019. A Scoring Committee comprised of staff from the Office of the General Counsel, the Financing Solutions Program, and the Executive Team met to review the 9 proposals received in response to the solicitation, and recommends that the Hawkins and Nixon Peabody firms be appointed as the Authority's Bond Counsel.

Mr. Costello explained that the Bond Counsel is responsible for advising and assisting in the implementation of the Authority's financing program. In addition, the Bond Counsel provides guidance and support with respect to general financial matters facing the Authority. In accordance with past practice, the Authority does not pay for Bond Counsel services performed in connection with conduit issuances. Instead, the utility or other entity on whose behalf the bonds are issued will be responsible for the costs of issuing the bonds. Should the Authority decide to issue bonds on its own behalf, the Authority would be responsible for the costs incurred for such a transaction.

If approved, staff will enter into engagement letters with Hawkins and Nixon Peabody to serve as Bond Counsel for the period January 1, 2020 through December 31, 2024.

Mr. Kauffman then called for a motion recommending the appointment of Hawkins Delafield & Wood, LLP and Nixon Peabody, LLP as Bond Counsel to the Authority.

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

Resolution

RESOLVED, that the Audit and Finance Committee recommends that President and CEO be authorized to engage the firms of Hawkins Delafield & Wood, LLP and Nixon Peabody LLP to serve as bond counsel for the Authority on its financings, and provide legal advice and counsel as may be necessary or desirable on matters involving trusts and other financial related services, as the President and CEO may determine is required from time to time.

Mr. Kauffman indicated that the next item on the agenda was a resolution recommending the appointment of underwriters for the Authority. Jeffrey Pitkin, Treasurer of the Authority, presented this item.

Mr. Pitkin stated that the Members were requested to approve the adoption of the selection of Samuel A. Ramirez & Co., Inc. (“Ramirez”) as bond underwriter for bonds to be issued by the Authority to support Green Jobs - Green New York (“GJGNY”) financing program and any other clean energy financing activities that may occur through the Clean Energy Fund. In August of 2019, a solicitation was issued seeking proposals from New York State Certified Minority or Women Owned Underwriting firms or Underwriting firms that were partnered with Minority or Women Owned Firms. In September 2019, three proposals were received, which were then evaluated by an internal Scoring Committee which recommended that Ramirez be approved as underwriters. Ramirez has served as underwriter on the last two bonds that the Authority has issued to support the GJGNY financing program. The Authority has been satisfied with the services provided and Ramirez is a minority investment banking firm. The appointment of Ramirez as underwriters is recommended for a term of up to five years.

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

Resolution

RESOLVED, that the Committee recommends that the full Board approve the selection of the firm of Samuel A. Ramirez & Co., Inc to serve as bond underwriters for the Authority related to its financings.

Mr. Kauffman indicated that the next item on the agenda was a report from the Director of Internal Audit, Mary Peck.

Ms. Peck reported that in accordance with the 2018-19 Internal Audit Plan, an audit was conducted to evaluate whether the Authority's current records management practices are effective for its inactive records, and whether its retention and disposition requirements are being met and are compliant with the New York State Archives and Records Retention Act. Overall, it was found that the Authority is generally in compliance with State requirements. The Authority's records management program is supported by its policies, practices and procedures which demonstrate compliance with Statewide requirements. Internal Audit commends management for its ongoing improvements to the Authority's records management program.

Ms. Peck indicated that as a result of the audit, some areas were identified where continued improvement is needed, including nine recommendations which were based on prioritization and risk impact. Management has concurred with the recommendations and is implementing changes as appropriate.

Next, Ms. Peck reported that the travel and expenditures audit is currently in progress and it is assessing compliance with travel policies and management of the Authority's corporate credit cards. Fieldwork has been completed and the preliminary findings report is being prepared.

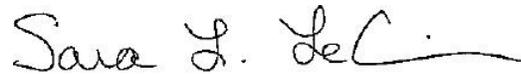
Ms. Peck continued, stating that as required by the Professional Standards for the Practice of Internal Auditing ("Standards"), and in compliance with the most recent Quality Assurance Review, and Internal Audit Policy and Procedures Manual ("Manual") has been developed. The

Manual has been reviewed with the independent auditors, and they did not have any comments. It is not required that the Manual be approved by the Members, but the document is available to the Members should they wish to review or comment. The Standards also require that there be an annual statement of independence made, which will be included in the annual report to the Members in April going forward. Ms. Peck noted that she and her staff are independent in both form and function.

Mr. Kauffman then indicated that the next item on the agenda was other business. There being no other business, Mr. Kauffman called for a motion to adjourn.

Whereafter, upon motion duly made and seconded, and by voice vote of the Members present, the meeting was adjourned.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Sara L. LeCain". The signature is written in black ink and includes a long horizontal flourish at the end.

Sara L. LeCain
Secretary to the Committee