

NEW YORK STATE ENERGY RESEARCH AND DEVELOPMENT AUTHORITY
Minutes of the 152nd Audit and Finance Committee Meeting
Held on April 26, 2023

Pursuant to a notice and agenda dated April 12, 2023, a copy of which is annexed hereto, the one hundred fifty-second (152nd) meeting of the Audit and Finance Committee (the “Committee”) of the NEW YORK STATE ENERGY RESEARCH AND DEVELOPMENT AUTHORITY (the “Authority”) was convened at 10:00 a.m. on Wednesday, April 26, 2023 at the Authority’s Albany Office located at 17 Columbia Circle, Albany, New York and the NY Green Bank (“NYGB”) Office located at 1333 Broadway, Suite 300, New York, New York. The two locations were connected by videoconference.

The following Members of the Committee were present:

Jay Koh, *Committee Chair*, attended from NYGB

Sherburne Abbott attended from NYGB

Sadie McKeown attended from NYGB

Frances Resheske attended from NYGB

Chair of the Authority, Richard Kauffman was unable to attend.

Also present were Doreen Harris, President and CEO; John Williams, Executive Vice President for Policy and Regulatory Affairs; Peter J. Costello, General Counsel and Secretary to the Authority; Pam Poisson, Chief Financial Officer; Anthony J. Fiore, Chief Program Officer; Sara L. LeCain, Senior Counsel and Secretary to the Committee; Martin Dunbar and Dean Geesler, KPMG, LLP; and various other staff of the Authority.

Committee Chair Koh called the meeting to order and noted the presence of a quorum. Notice of this meeting was provided to the Committee Members on April 12, 2023 and to the press on April 19, 2023.

Committee Chair Koh indicated that the first item on the agenda concerned the approval of the minutes of the one hundred fifty-first (151st) meeting held on January 25, 2023.

Whereafter, upon motion duly made and seconded, and by unanimous voice vote of the Committee Members present, the minutes of the one hundred fifty-first (151st) meeting of the Committee held on January 25, 2023, were approved.

Committee Chair Koh indicated that the next item on the agenda was a presentation from the Authority's independent auditors, KPMG, LLP ("KPMH"), on the audit of the Authority's and NY Green Bank's financial statements and the Authority's OPEB Trust for the fiscal year 2022-2023. Lead Audit Partner Marty Dunbar indicated that as per Governmental Accounting Standards Board ("GASB") policy, KPMG is required to rotate the Lead Audit Partner every five years. Therefore, Dean Geesler will be the Lead Audit Partner for the Authority's audit.

Lead Audit Partner Geesler provided the Committee with updates and an overview of the planned audit and stated that the audit would follow current best practices and be conducted in accordance with the GASB policies and requirements.

In response to an inquiry from Committee Chair Koh on whether KPMG would recommend a different analysis with respect to the OPEB Trust, Lead Audit Partner Geesler explained that long-term benefit trusts like the NYSERDA OPEB Trust do not need to create liquidity or make traditional shifts. Instead they are managed by collecting the anticipated cash flows and rebalancing, if necessary. Chief Financial Officer ("CFO") Pam Poisson added that the Authority has been generally conservative, and is working with an outside financial advisor to update both the actuarial projections and overall portfolio sensitivities for the NYSERDA OPEB Trust.

In response to an inquiry from Committee Chair Koh, Lead Audit Partner Geesler confirmed that changes in the treatment of leases by GASB could have a material effect on financial reporting and indicated most entities are moving to a single-year presentation because there is no requirement to present comparable financial statements.

In response to an inquiry from Committee Chair Koh, Lead Audit Partner Geesler stated that KPMG will be analyzing the draft financial statements, and assessing whether any improvements are needed.

Committee Chair Koh indicated that the next item on the agenda was the Annual Internal Audit Report and the Internal Audit Plan for 2023-2024. This item was presented by the Director of Internal Audit, Mary Peck.

Director Peck reported that Internal Audit is still in the process of reviewing the ongoing Authority-wide Risk Assessment and corresponding audit risk assessment. Therefore, the Rotational Audit Plan has not yet been updated.

Regarding the NYGB Compliance Program, Director Peck reported that a review of all New York State Public Service Commission filings, as well as relevant Investment and Risk Committee (“IRC”) materials, and a test on a sample of transactions to ensure appropriate review and approval was conducted. Director Peck indicated that a few opportunities were noted for improvement, but none were significant.

With respect to the Office of State Comptroller Internal Control Certification, Director Peck reported that the Authority completed its annual review and advised that the final report was provided to the Internal Control Officer for review prior to the President and CEO’s required certification.

Next, Director Peck outlined the Internal Audit Plan for the Fiscal Year 2023-2024, which includes working with management to complete both consulting and audit activities. As required by Internal Audit standards, Director Peck made an annual statement of independence.

In response to an inquiry from Member Abbott, Director Peck stated that Internal Audit always identifies opportunities for improvement and explained that for a recommendation to be significant, it would have to be as a result of non-compliance with a policy or procedure.

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

Resolution No. 491

RESOLVED, that the Audit and Finance Committee approves the Internal Audit Plan for Fiscal Year 2023-2024, as presented at this April 26, 2023 meeting, in the form submitted to the Committee.

Committee Chair Koh indicated that the next item on the agenda was consideration of the issuance of bonds to finance the Green Jobs-Green New York (“GJGNY”) Loan Program. CFO Poisson indicated that the Committee was being asked to consider the issuance of bonds in the next year in an amount not to exceed \$45 million to support residential energy efficiency and clean energy through the GJGNY Loan Program. The bonds would require the approval of the Public Authorities Control Board, the Office of the State Comptroller, and the New York State Department of Taxation and Finance. The proposed financing would take place sometime before April 26, 2024.

In response to an inquiry from Member Abbott, CFO Poisson confirmed that the loans included in the portfolio meet standardized criteria that are consistent with the goals of the Climate Leadership and Community Protection Act (“CLCPA”) and are confirmed through a validation process.

In response to an inquiry from Committee Chair Koh, CFO Poisson stated that the maximum interest rate of last year’s issuance was 6.99%.

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

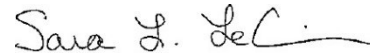
Resolution No. 492

RESOLVED, that the Audit and Finance Committee recommends that the Board approve a resolution in substantially the same form as attached hereto as Exhibit A.

Committee Chair Koh indicated that the last item on the agenda was other business. There being no other business, Committee Chair Koh called for a motion to adjourn.

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

Respectfully submitted,

A handwritten signature in cursive script that reads "Sara L. LeCain".

Sara L. LeCain
Secretary to

Resolution No. _____

WHEREAS, pursuant to special act of the Legislature of the State of New York (Title 9 of Article 8 of the Public Authorities Law of New York, as from time to time amended and supplemented, herein called the “Act”), the New York State Energy Research and Development Authority (the “Authority”) has been established as a body corporate and politic, constituting a public benefit corporation; and

WHEREAS, pursuant to the Act, the Authority is authorized to issue bonds and notes to provide sufficient moneys for achieving the Authority’s corporate purposes, including the establishment of reserves to secure the bonds and notes and the payment of interest on bonds and notes; and

WHEREAS, pursuant to the Act, the Authority is also empowered to extend credit and make loans from bond proceeds to any person for the construction, acquisition, installation of, or for the reimbursement to any person for costs in connection with, any special energy project, including, but not limited to, any land, works, system, building, or other improvement, and all real and personal properties of any nature or any interest in any of them which are suitable for or related to the furnishing, generation, production, transmission, or distribution of energy or energy resources; and

WHEREAS, pursuant to special act of the Legislature of the State of New York (Title 9-A of Article 8 of the Public Authorities Law of New York, as from time to time amended and supplemented, herein called the “Green Jobs – Green New York Program”), the Authority has been authorized to use innovative financing mechanisms to finance energy efficiency improvements and technologies eligible for net metering through energy cost savings; and

WHEREAS, the Authority will issue bonds in one or more series not later than April 26, 2024, in an aggregate principal amount not to exceed \$45,000,000 to be designated “Residential Clean Energy and Energy Efficiency Financing Green Revenue Bonds, Series 2023A” (the “Bonds”) and with such additional or different designations as may be set forth in the Indenture (hereinafter defined) for the purpose of financing loans through the Green Jobs – Green New York Program for the installation of residential energy efficiency measures, photovoltaic (“PV”) systems, air source heat pumps (“ASHP”) or ground source heat pumps (“GSHP”), (collectively “Loans”); and

WHEREAS, the Bonds are to be issued pursuant to an Indenture of Trust (the “Indenture”), between the Authority and The Bank of New York Mellon, as trustee (the “Trustee”), pursuant to which the Authority will pledge principal and interest payments on, and prepayments of, Loans as security for the Bonds and

WHEREAS, the Authority has entered into an agreement with Slipstream Group Incorporated d/b/a Energy Finance Solutions, a not-for-profit corporation, to serve as a loan originator under the Green Jobs – Green New York Program; and

WHEREAS, the Authority has entered into an agreement with Concord Servicing Corporation who will act as the loan servicer and will be the custodian of the original promissory notes for the Loans issued under the Green Jobs – Green New York Program; and

WHEREAS, the proceeds of the Bonds will be used to reimburse the Green Jobs-Green New York Program revolving loan fund for Loans heretofore originated and outstanding and to provide funding for new Loans originated and to be originated thereafter; and

WHEREAS, Ramirez & Co., Inc., acting as underwriter (the "Underwriter"), pursuant to the terms of a Bond Purchase Agreement among the Authority and the Underwriter (the "Purchase Contract"), propose to purchase the Bonds from the Authority and offer the Bonds to the public pursuant to the terms of such Purchase Contract; and

WHEREAS, it is expected that the Bonds will be offered by the Underwriter pursuant to a Preliminary Official Statement, as may be approved by an Authorized Representative (hereinafter referred to) of the Authority and an Official Statement to be approved by an Authorized Representative; and

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE NEW YORK STATE ENERGY RESEARCH AND DEVELOPMENT AUTHORITY AS FOLLOWS:

Section 1. The offering, issuance, sale, and delivery of the Bonds upon the terms and conditions and for the purposes described in this resolution are hereby authorized. The Bonds shall be issued in one or more series in an aggregate principal amount not to exceed \$45,000,000 and shall bear interest at rates determined by the Chair, the Vice Chair, the President and CEO, the Chief Financial Officer, the Executive Vice President, the Chief Program Officer, or the Secretary of the Authority (collectively, the "Authorized Representatives"). The Bonds shall bear interest at a weighted average fixed rate of interest not to exceed 7%. The Bonds shall mature no later than twenty years after the date of issuance. The Bonds shall be dated, have the final maturity, have the designation or designations, be subject to redemption, be payable as to principal, premium, if any, and interest, and have such other provisions all as set forth in the Indenture. The form of the Bonds and all other provisions with respect thereto shall be as set forth in the Indenture or determined in the manner set forth therein. No Bonds shall be issued pursuant to this resolution after April 26, 2024. Any bonds issued under this Resolution must have upon issuance a rating of A or higher, as assigned by a nationally recognized statistical rating organization.

Section 2. Subject to the limitations set forth in Section 1 hereof, the Authorized Representatives are each hereby authorized to determine on behalf of the Authority with respect to the Bonds: the aggregate principal amount, the interest rates the Bonds shall bear and the particular redemption and purchase provisions of the Bonds. Any such determination shall be conclusively evidenced by the execution and delivery by an Authorized Representative of an indenture or other document setting forth such determination.

Section 3. The Authorized Representatives are each hereby authorized to execute, acknowledge, and deliver the Indenture as such Authorized Representative shall approve. Execution of such documents by an Authorized Representative shall be conclusive evidence of

any approval required by this Section. The Authorized Representatives are also authorized to secure a second party opinion that the Bonds meet the Green Bond Principles as set by International Capital Market Association and to execute any agreement required in order to secure such opinion. The Authorized Representatives are each further authorized to obtain bond insurance or other credit enhancement for the Bonds to the extent that such Authorized Representative determines that such credit enhancement would facilitate the sale of the bonds on a cost effective basis or lower the debt service on the Bonds and to enter into agreements with the providers of such credit enhancement.

Section 4. The Authority authorizes each Authorized Representative to enter into the Purchase Contract. The Authorized Representatives of the Authority are each hereby authorized to determine the purchase price of the Bonds and are further authorized to execute, acknowledge, and deliver the Purchase Contract as may be approved by any such Authorized Representative. The execution of a Purchase Contract by any Authorized Representative shall be conclusive evidence of any determination or approval required or authorized by this Section. The purchase price to the Underwriters of the Bonds shall not be less than 97% of the principal thereof. In no event shall the compensation paid to the Underwriter in connection with the initial offering of the Bonds exceed 1% of the principal amount thereof whether such compensation is paid directly by the Authority or in the form of discount to the Underwriters. As an alternative to the execution of the Purchase Contract, the Authorized Representatives are authorized to execute a private placement agreement with a third party purchaser, with Ramirez & Co., Inc. acting as placement agent, should such a method of sale for the Bonds be determined by the Authorized Representatives to be a superior method of selling the Bonds.

Section 5. The Authority authorizes the Authorized Representatives to approve the Preliminary Official Statement and the Authority approves the use in accordance with the applicable legal requirements of one or more Preliminary Official Statements and Official Statements in connection with the offering and sale of the Bonds by the Underwriter, as may be approved by an Authorized Representative. Any Authorized Representative of the Authority is hereby authorized and directed to execute the final Official Statements in the name and on behalf of the Authority, and thereupon cause such final Official Statements to be delivered to the Underwriters. Any such approval shall be conclusively evidenced by such Authorized Representative's execution and delivery thereof. The Authorized Representatives are hereby authorized to provide any appropriate disclosure as part of the Preliminary Official Statements and Official Statements, including but not limited to the use of the Authority's financial statements. The foregoing approvals shall not be deemed to constitute an acknowledgment by the Authority of any responsibility for information contained therein which has been furnished by the Underwriters, The Depository Trust Company, or any other party. In the event that the Authorized Representatives determine that a sale of the Bonds through a private placement is a superior method of sale, the Authorized Representatives are hereby authorized to use a placement memorandum to facilitate such a sale, in accordance with the disclosure requirements outlined in this section for preliminary official statements and official statements.

Section 6. Slipstream Group Incorporated d/b/a Energy Finance Solutions has been authorized to serve as loan originator for the pledged loans. Concord Servicing Corporation has been authorized to serve as loan servicer for the pledged loans and the backup servicer will be a

firm selected pursuant to the Request for Proposals issued on February 2, 2023. The Authorized Representative are hereby authorized to enter into any other agreements, documents, or amendments to existing agreements relating to the origination and servicing of the loans as necessary. The Authorized Representatives are hereby authorized to approve the appointment of a successor loan originator, loan servicer and backup loan servicer for the pledged loans as necessary.

Section 7. The Authorized Representatives are each hereby authorized to execute, acknowledge, and deliver any other agreements, documents, or certificates, including certificates confirming on behalf of the Authority the accuracy and completeness of information relating to the Bonds, the Authority, the Loans and the Green Jobs – Green New York Program, and to do and cause to be done any such other acts and things and to make such other changes, omissions, insertions, revisions, or amendments to the documents referred to in Sections 1 through 6 of this resolution as they may determine necessary or proper for carrying out, giving effect to, and consummating the transactions contemplated by this resolution. Execution of such documents by an Authorized Representative shall be conclusive evidence of any approval required by this Section. Any Authorized Representative, the Assistant Treasurer, and the Acting Secretary of the Authority are each hereby authorized to affix the seal of the Authority on such documents and attest the same.

Section 8. The Bonds shall not be general obligations of the Authority, and shall not constitute an indebtedness of or a charge against the general credit of the Authority. The Bonds will not constitute a debt of the State of New York and the State of New York will not be liable thereon. No owner of the Bonds will have any right to demand payment of the principal and interest on the Bonds out of any funds to be raised by taxation. As shall be more particularly set forth in the Indenture and the Bonds, the liability of the Authority under the Bonds shall be enforceable only to the extent provided in the Indenture, and the Bonds shall be payable solely from the revenues and other funds pledged and available for the payment of the Bonds under the terms of the Indenture.

the Committee



NYSERDA

KATHY HOCHUL
Governor

RICHARD L. KAUFFMAN
Chair

DOREEN M. HARRIS
President and CEO

NOTICE OF MEETING AND AGENDA

April 6, 2023

TO THE MEMBERS OF THE AUDIT AND FINANCE COMMITTEE:

PLEASE TAKE NOTICE that the one hundred fifty-second (152nd) meeting of the AUDIT AND FINANCE COMMITTEE of the New York State Energy Research and Development Authority (the “Authority”) will be held at the NY Green Bank Office located at 1333 Broadway, Suite 300, New York, New York and at 17 Columbia Circle, Albany, New York on Wednesday, April 26, 2023, commencing at 10:00 a.m., for the following purposes:

1. To consider the Minutes of the 151st meeting held on January 25, 2023.
2. To discuss the independent audit of the Authority’s and NY Green Bank’s financial statements and the Authority’s OPEB Trust for fiscal year 2022-2023.
3. To receive the Annual Internal Audit Report and to consider and act upon a resolution approving an Internal Audit Plan for fiscal year 2023-2024.
4. To consider and act upon a resolution recommending approval of the issuance of bonds to finance the Green Jobs – Green New York Program.
5. To transact such other business as may properly come before the meeting.

Members of the public may attend the meeting via the video conference which can be accessed at <https://www.nyserda.ny.gov/About/Board-Governance/Board-and-Committee-Meetings>.

The Authority will be posting a video and a transcript of the meeting to the web as soon as practicable after the meeting. The video and transcript will be posted at <http://www.nyserda.ny.gov/About/Board-Governance/Board-and-Committee-Meetings>.

Sara L. LeCain
Secretary to the Committee

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