

**NYSERDA 144<sup>th</sup> Audit and Finance Committee Meeting**  
**June 23, 2020**  
Clean Copy Transcript

**Sara LeCain:**

Jay, it looks like everybody is here. If you would like to get started.

**Jay Koh:**

Great. Well, I call this meeting to order notice of the meeting and an agenda was forwarded to the Committee Members and press on June 10, 2020. This meeting is being conducted by video conference. The Authority will post a video and transcript of this meeting on the web. To confirm that we have a quorum, I would like to ask Sara LeCain, Secretary to the Committee to conduct a roll call of each of the Committee Members in attendance.

**Sara LeCain:**

Thank you, Jay. I will first note your attendance and now take the remainder of the roll call. When I call your name, please indicate "Present".

Authority Chair Richard Kauffman.

**Richard Kauffman:**

Present.

**Sara LeCain:**

Sherre Abbott.

**Sherburne Abbott:**

Present.

**Sara LeCain:**

Ken Daly.

**Ken Daly:**

Present.

**Sara LeCain:**

Kate Fish.

**Kate Fish:**

Present.

**Sara LeCain:**

Thank you. There are five members in attendance. Therefore we have a quorum.

**Jay Koh:**

Thank you, Sara. The first item on the agenda is the approval of the Minutes of the 143rd Committee Meeting held on April 30, 2020. Are there any comments on the Minutes? [Pause].

**Richard Kauffman:**

I have none.

**Jay Koh:**

May I have a motion approved motion approving the minutes?

**Kate Fish:**

I so move. Kate.

**Jay Koh:**

And second.

When Sara calls your name, please indicate whether you are in favor by stating "Aye" or opposed by stating "No."

**Sara LeCain:**

Thank you. When I call each name, please indicate your vote. Committee Chair Jay Koh.

**Jay Koh:**

Aye.

**Sara LeCain:**

Authority Chair Richard Kauffman.

**Richard Kauffman:**

Aye

**Sara LeCain:**

Shere Abbott.

**Sherburne Abbott:**

Aye.

**Sara LeCain:**

Ken Daly.

**Ken Daly:**

Aye.

**Sara LeCain:**

Kate Fish.

**Kate Fish:**

Aye.

**Sara LeCain:**

Thank you. The Minutes have been approved

**Jay Koh:**

The next item to consider is the Annual Investment Report and Investment Guidelines. Jeff Pitkin, the Authority's Treasurer will discuss this item. Jeff?

**Jeff Pitkin:**

Good morning, everyone. With respect to the Annual Investment Report, the amount of the Authority's total investments decreased \$144 million on a fair market value basis from the prior year. As a result of market disruption and U.S. treasury markets in March resulting from the COVID-19 health crisis, certain maturing U.S. treasury obligations were transferred to increase balances that we held in money market accounts within our policy portfolio limits. In addition, in consultation with the Authority's statutory fiscal agent, certain other maturing investments were held in fully collateralized demand deposit account balances. We increased the collateral limits for those accounts that allowed us to maintain liquidity and avoiding what otherwise would've required either longer term U.S. treasury investments, or realizing negative yields. So in addition to that, the Report notes that the NY Sun balance increased primarily due to pay-as-you-go collections for projected working capital needs, exceeding actual expenses and the fluctuation noted for the NY Green Bank was primarily due to additional capital deployed principally on relatively recent close deals, or ones that closed near year-end. The Report summarizes the composition of the Industrial portfolio as compared to the prior year, both by investment type and by term.

The Report notes that our investment [inaudible] income for the year increased from \$16.6 million to \$19.7 million. And our overall average annual rate of return was 2.6% as compared to the prior year 2.3%.

However, you'll also note that the Report notes that the portfolio yield has decreased to 1.4% as of year-end. And of course has decreased substantially since then due to overall declines and treasury market rates. The Authority projects that investment income will be substantially lower in fiscal year 2021 than it was for the year just ended. And depending upon funding source for funding sources, the impact of that reduced interest income either reduces this funding for programs, or provide, reduces offsets that otherwise cover administrative expenses.

The Authority's Independent Auditors have issued a report stating that nothing came to their attention to indicate that the Authority was not in compliance with provisions of the Investment Guidelines.

And with respect to the Investment Guidelines, no changes are proposed, but under required under requirements of the Public Authorities Law, the Members are required to reaffirm the approval of the Guidelines annually.

And with that, I'd be happy to answer any questions you may have.

**Jay Koh:**

Jeff, volatility performance, obviously in portfolio as could be expected with the dramatic declines in moving in the equities markets and the marketplace in U.S. treasuries and other credit securities as well. But just to verify at this point, there's no recommendation by management or by the auditors to change our Investment Guidelines, and the current performance, according to verification by the auditors, is well in line with the execution of the Investment Guidelines previously adopted by this Committee. So this is simply a current reflection of market volatility rather than any, [inaudible] come to market period and no recommendations are currently being proposed by either the management team or the auditors or any advisors that we have to change those things and simply an experience that were we, and many other authorities and other investors are having in the context of the current COVID global pandemic. Is that a fair characterization, Jeff?

**Jeff Pitkin:**

On behalf of management, I can attest to that. And when you meet with the, with KPMG during executive session, you know, you can hear directly from them, but I would concur with what everything you said, Jay.

**Jay Koh:**

That's great. Well, I think the only thing I think we should think about taking note of as we kind of report this out to the Board and ask for the comments from other Members of the Committee is simply to think through this and its potential implications for the overall operations of budget of the Authority in fiscal 2021, our revision for this year as operating conditions, and thereafter, us committing or projecting a potential, a period of greater volatility and economic performance that will be impacting our investment income and other sources of funding.

**Jeff Pitkin:**

Yeah and Jay I'll note that during Pete Mahar's presentation upcoming on the financial statements, he'll provide a summary of our intention to bring back certain revisions to the budget that was adopted by the Members at the January meeting in light of, you know, areas where we see potential volatility and significant changes from amounts that were originally approved in the budget and investment income would be, would be one of those revenue items that we would be modifying.

**Jay Koh:**

Great. Are there other questions or comments for Jeff from the Members of the Committee?

[Various voices].

**Ken Daly**

Yeah. Now that I think I'm wrong by me, I think for me, the key is certainly understand the movements in the market and the incredible volatility, as long as you have kind of rules of thumb and some type of way of consistently tracking the impacts on the grants and are constantly updating the forecast in real time, you know, internally that I'm certainly fine with carry such

large balances that these large movements could dislocate [inaudible]. It is in place along with other forecast items. I'm certainly fine and understandable.

**Jeff Pitkin:**

Richard, did you have a question?

**Richard Kauffman:**

Yeah. Yes. I did a similar question to the question I asked yesterday, which is, so I'm certainly involved in other boards that have been looking at their policies, and, you know, in light of, market volatility. And so I'm just wondering, you're not proposing any changes in policy. So I'm just asking about the process that you've gone through, in marketing our policies relative to other states or relevant. [Inaudible].

**Jeff Pitkin:**

Sure. So our investment guidelines are, have been adopted consistent with requirements by the office of state controller for investment guidelines for public authorities. And so like other public authorities, our investments are limited primarily to be us government obligations or other investments that are fully secured or fully, fully collateralized from a practical standpoint, our investments have been limited to, you know, us treasury bills. And so in light of changes in market conditions in consultation with our fiscal agent, we've certainly, you know, shorted up maturities. So when we're, when we're investing in treasury bills, we're, we're generally looking at very short maturities, you know, two or three months. We're certainly not doing anything longer than that to, you know, maintain liquidity cashflow liquidity.

The, the other principal area of investment is in treasury money market funds and you may recall, the committee had, recently, approved some amendments to the investment criteria that changed the limits, the portfolio limits. So we, we are allowed to have up to 20% of the portfolio in these governmental money market, you know, the treasury money market funds and those funds are highly rated. The AAA rated. They are, provide a source of liquidity to address our daily and weekly cashflow needs. So we're constantly balancing our liquidity needs through use of the treasury money market fund. And then we generally speaking have been investing in treasuries on a whole basis. We're trying to avoid the need to liquidate those treasuries prior to maturity. So as to not further have an impact on actual yields. And so that's, that's been a strategy that we've been using, and I think that's consistent with the policy that's articulated. And so as a result, we don't really see the need to make revisions to the, to the policies at this time.

**Richard Kauffman:**

So my comment [inaudible] sense because the overarching of the, of this portfolio is liquidity and security and so we're not actually the whatever income that is a, is a byproduct of, of the cash management policy. It's not, the yield is not maximizing the, is not an objective.

**Jeff Pitkin:**

I mean presentation of capital is the primary, primary objective, and earning appropriate market, you know, yields as a secondary objective.

**Richard Kauffman:**

Cause I think that when we talk about it, I think the lower yields it's going to have impact on, on the income that we get and has, as you say, an implication on our program or our offsets to, to program costs. But I want to be sure that everybody understands really the point of what the investment portfolio is. Thank you.

**Jay Koh:**

I think those are points very well taken. I mean, the objective here is simply to take adjustment into account of the impact that we have been using that investment income as we should, and other resources of the agency to affect the agency's objectives for programming and administration of programs. So to Ken's point, I think, you know, we need a real time way of making sure we scope those appropriately. So we're managing, that additional source of income or lack of income in an appropriate way, but as Richard said, the objective here of that policy has not been to on a hedge fund on behalf of the rate payers of this work, but really to provide liquidity and security to balances that we're going to hold and then to appropriately use the revenue, or income that's generated from those in programming and to be able to adjust appropriately.

So, I'm glad to hear that there have been some management aspects of either duration here or other aspects to make sure that we're in the right position again. It's extremely difficult to get into a position to more secure or more liquid than U.S. treasuries and when that market dislocates, there's a lot of other dislocation across the rest of credit and equities as we've seen. So it's not surprising, but I think the point that this is not designed to maximize income, but also really to achieve these specific objectives of liquidity and security, and then to appropriately use the revenues generated from it for programming as with other revenue sources from, for the agency, I think is, makes sense.

So I do think it's great to hear that there is a benchmarking exercise. You know, as we look at the after action on the global pandemic, which hopefully is a relatively rare and not recurrent event, you know, it's worth thinking through again how to benchmark our investment policy against others that are playing out there. You know, the major recommendation, I think typically institutional investors have is to not emotionally react, after an event, because they're reasons that we set up these things several years in advance and continue to improve them.

So if there are no questions for Jeff, I'll just pause here to let any other Members ask any questions. Otherwise we'll move to motions. Are there any other questions?

[Pause].

Seeing none may I have a motion to recommend adoption of the Investment Guidelines and Annual Investment Report?

**Sherburne Abbott:**

So moved.

**Kate Fish:**

Seconded.

**Jay Koh:**

Well when Sara calls your name, please indicate whether you are in favor by stating "Aye" or opposed by stating "No." Sara?

**Sara LeCain:**

Thank you. When I call each name, please indicate your vote.

Committee Chair Jay Koh.

**Jay Koh:**

Aye.

**Sara LeCain:**

Authority Chair Richard Kauffman.

**Richard Kauffman:**

Aye.

**Sara LeCain:**

Shere Abbott.

**Sherburne Abbott:**

Aye.

**Sara LeCain:**

Ken Daly.

**Ken Daly:**

Aye.

**Sara LeCain:**

Kate Fish.

**Kate Fish:**

Aye.

**Sara LeCain:**

The Investment Report and Guidelines have been recommended for approval.

**Jay Koh:**

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. Jeff, will you discuss those items?

**Jeff Pitkin:**

Yes. Thank you. Pursuant to the Investment Policy Statement, the Members are requested to adopt a resolution, approving the Annual Investment Report for the Trust for the year ended March 31, 2020, and to adopt a resolution, approving the Investment Policy Statement.

With respect to the Investment Report, it summarizes the contributions, investment, income benefit payments, and administrative expenses for the Trust for the year ended March 31, 2020, and reports the balances of investments in total and by asset category in comparison to the target levels that were established in the Investment Policy Statement. The market value of the Trust was \$50.5 million at year end, a decrease of \$2.6 million from the preceding year, primarily as a result of declines and fund values resulting from broader, bond and equity market disruptions associated with the COVID-19 health crisis. As of the most recent actuarial valuation of the Trust on January 1st of 2020, the Trust is 98.1% funded compared to its OPEB liability.

Due to the recent volatility in stock and bond markets, the total return on the Authority's investments was a negative 6.9% for the year, slightly outperforming the weighted average return for the benchmark indices of negative 7.5%. The Investment Policy Statement notes that the investments of Trust assets should be managed on a long-term basis and that achieving the Plan's investment objectives is not guaranteed and there will be time periods for which these objectives will not be met and recognizes that some risks must be assumed to achieve their plans, long-term investment objectives, and accepts the inevitable fluctuations in returns that will occur. While it's understood that a certain level of risk is anticipated in the plan's portfolio, the ability to withstand short and intermediate term variability was specifically considered in the development of the Investment Policy Statement risk tolerance levels. Our investment consultant Milliman has not recommended taking any actions in response to the recent fund performance results.

Milliman has however recommended a revision to the long-term rate of return that is used for purposes of a discount rate for measuring the actuarial liability of the OPEB beneficiary payments and is recommending a reduction from 6.5% to 6.25% based on their projections for long-term expected returns for the weighted average indices. Although the Trust's current cumulative return performance of 4.1% is below this target Milliman's actuarial projections assumes that performance results will rebound over the long term and should produce long-term returns, within range of the target rates. And I will note that since March 31st, the value of the Trust investments partially rebounded in line with broader equity market returns. As of May 31st, the market value of the Trust increased \$4.5 million to \$55 million, increasing the cumulative annual return from 4.1% to 5.4%.

And with respect to the Investment Policy Statement, no changes are recommended. And under the provisions of the Policy Statement, the Members are required to approve that there would be no changes to the Investment Policy Statement.

And with that, I'd be happy to answer any questions that you may have,



**Jay Koh:**

Are these in term rate of return as part of the Investment Policy Statement is the Investment Policy Statement separate from the targeted actuarial calculation?

**Jeff Pitkin:**

Yeah. I mentioned that long-term rate of return just more as an informational item, that's not contained in the Investment Policy Statement. It's actually part of the assumptions that were used for, measuring the, OPEB Trust liability under GASB 75. And so that's reflected in the financial statement disclosure. So, I mentioned that just as a point of reference, that the actuary has revised their long-term performance expectations for Trust investments.

**Jay Koh:**

Okay. And so in that context is 98.1% funding level reflective of the 6.5% rate, or the 6.25% rate?

**Jeff Pitkin:**

6.25% rate.

**Jay Koh:**

Okay. I know no, no action's necessary to be taken by the Members, but the appropriate long-term actuarial rate is that right?

**Jeff Pitkin:**

No, that's correct. And I'll, I'll also note that KPMG's, the independent auditors, KPMG, their actuaries looked at the, those assumptions and found those assumptions to be reasonable for purposes of financial statement disclosure of the Trust's liabilities and, and the level of funding for the Trust.

**Jay Koh:**

Okay. So then [inaudible] the change to the long-term actuarial rate, which has already been recommended and apparently adopted by both our advisor and Board or confirmed to be reasonable within the context of the auditor's review of our financial statements. Is that right?

**Jeff Pitkin:**

Yes.

**Jay Koh:**

And has there been a benchmarking process with other agencies or authorities of the New York government regarding the actuarial rate?

**Jeff Pitkin:**

Well, there are, I mean, that's challenging because I, to the best of my knowledge, I think there's only one other public authority who has an OPEB trust. New York Power Authority has, and their investment policy statement is a little different, has, you know, different criteria, so kind of benchmarking would be, would be difficult, you know, given differences between our investment objectives and the types of investments that each trust invests in.

**Jay Koh:**

But would it be fair to state that based on their experience with multiple sets of similar situations, trust vehicles and the law in assumptions that are generated in aggregate from the economy or their experience with other counterparties?

**Jeff Pitkin:**

That's right. That's right.

**Jay Koh:**

And then my only last question is just to ask you if this is reflective of the current performance, of the first full year, either first or second full year, where we have effectively moved to a low carbon position for the OPEB Trust assets. Is that right?

**Jeff Pitkin:**

Yeah. It's the second year, I believe now. And, I'll note that, overall the funds that the Trust invests in continue to maintain extremely low fossil fuel interests and well below the levels that we had when we modified the Investment Policy Statement to allow those considerations to be, to be taken into account.

**Jay Koh:**

That's great. And to see that, and also continue to note that we perform well in line with the benchmark, despite the decarbonization, or perhaps as a result of that, I think it's just something interesting to note.

Other questions from Members of the Committee?

**Richard Kauffman:**

I have a question just on KPMG, not for this year, but perhaps, the next time we talk about this, I'm interested in, in their experience with other clients, whether there's a range, because I have the 6.25%, that's reasonable, I get that, but I'd be interested if there's, what the, what they could say about the distribution of recurrence?

**Jeff Pitkin:**

Marty Dunbar's on the, on the WebEx now. And so, Marty, I don't know if you want to address that or whether you do, whether you'd prefer to hold off and address that as part of the executive session?

**Martin Dunbar:**

Oh, no. Sure. I'm happy to address that. That's something that we certainly can, take back and discuss with our actuaries. As Jeff pointed out, while there isn't necessarily stuff that you can look at locally from a benchmarking perspective when we're going through our evaluation of all the significant assumptions that are included as part of the OPEB, you know, not only the Trust, but the determinations of the liability, we're taking that into consideration. I would say maybe informally, not in the form of a formal report to, folks such as yourselves, but we are benchmarking so to speak versus what we see. And then also obviously sensitizing that versus

what the current market would suggest based on, what's changing and things of that nature. So I can certainly take it back to our folks and discuss what level of, you know, formalized benchmarking that we've prepared or could share with the Committee.

**Richard Kauffman:**

Marty, thank you.

**Martin Dunbar:**

Yep.

**Jay Koh:**

If there are no further questions from other Members of the Committee, I think we'll proceed?

Hearing none, may I have a motion recommending adoption of the NYSERDA OPEB Trust Investment Report and the Investment Policy Statement?

**Kate Fish:**

So moved.

**Jay Koh:**

Second?

**Richard Kauffman:**

Second.

**Jay Koh:**

When Sara calls your name, please indicate whether you are in favor by stating "Aye" or opposed by stating "No".

**Sara LeCain:**

Thank you. When I call each name, please indicate your vote.

Committee Chair Jay Koh.

**Jay Koh:**

Aye.

**Sara LeCain:**

Authority Chair Richard Kauffman.

**Richard Kauffman:**

Aye.

**Sara LeCain:**

Shere Abbott.

**Sherburne Abbott:**

Aye.

**Sara LeCain:**

Ken Daly.

**Ken Daly:**

Aye.

**Sara LeCain:**

Kate Fish.

**Kate Fish:**

Aye.

**Sara LeCain:**

The OPEB Trust and Policy Statement have been recommended for approval.

**Jay Koh:**

Thank you, Sara. The next item on the agenda concerns the financial statements of the Authority and NY Green Bank for fiscal year 2019 to 2020. Peter Mahar the Agency's Controller and Assistant Treasurer will discuss this item. Peter?

**Peter Mahar:**

Yes. Thank you, Jay. And good morning, everyone. The Members are requested to adopt a resolution approving the annual audited financial statements for the fiscal year ended March 31st, 2020 for the authority and the separate standalone statements for the NY Green Bank. Both financial statements included an unmodified clean opinion from the independent auditors, KPMG. 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.

The management's discussion and analysis includes a brief summary of the impacts of the COVID 19 health crisis has had on the Authority's operations, programmatic activities, and financial condition. It notes that there were no material impacts on the financial condition on the Authority as of March 31, 2020. The footnotes to the financial statements, including subsequent events, disclosure, stating that a number of factors could impact the Authority's financial results in the future. And that such impacts are uncertain at this point, but that such impacts are not expected to have a material adverse effect on the financial condition of the Authority. Given the potentially significant impact on certain revenues and expenditures included in the budget adopted in January, we plan, we plan to present an amended budget to the Program Planning Committee and the Board for consideration at the October meeting.

Since it started, the COVID outbreak, management took several actions within the Green Jobs – Green New York and the NY Green Bank loan portfolios to assist program counterparties. To mitigate delinquencies and defaults from occurring with regards to the Green Jobs - Green New

York portfolio. As communicated to the Board, management suspended collection efforts and late fees on doing delinquent loans and has made available two months deferral arrangements for borrowers with COVID-19 hardships upon request to date only 13 out of more than 21,000 outstanding loans have been modified. Management has also supplemented this with a weekly review of delinquencies and loan defaults to monitor potential impacts of the crisis. On the portfolio, management continues to use an allowance for doubtful accounts methodology based on loans more than 120 days past due through today. The Green Jobs – Green New York portfolio has only seen a slight uptick in loan delinquency in defaults from pre COVID averages. Based on these actions, management believes to recorded allowance in portfolio balances are fairly stated. KPMG is satisfied with our methodology and the recorded allowance.

The NY Green Bank has also been monitoring its portfolio for timely payments and working with their counterparties on deferral modifications upon request. As of today, NY Green Bank has modified only one contract to defer principal and interest payments for 90 days with interest accruing on the loan. We currently have one transaction in the portfolio with a principal balance of \$21 million, which was discussed with the Committee last year that remains in bankruptcy proceedings, which is anticipated to resolve later this year. Project revenues, project distributions, a total of \$534,000 were received during the fiscal year and were applied against legal expenses related to this bankruptcy. The transaction remains on non-interest accrual status and it discounted cashflow analysis of future project revenues supports that no impairment adjustment is required to be made at this time. KPMG reviewed management's analysis and concurred that no impairment adjustment was necessary. In addition, staff are actively monitoring other provisions and financial covenants of the portfolio contracts. All of their portfolio loans and financing receivables are current and obligations management continues to use a specific identification method for asset impairment, which KPMG has reviewed during the course of the audit. They are satisfied with our methodology.

No impairments were recorded for the fiscal year ended March 31, 2020, and management believes all outstanding balances are fairly stated.

Your meeting packet includes a detailed explanation of the financial statements. I will highlight only a few fluctuations total assets increased by \$66 million to \$1.4 billion, primarily due to an increase in the NY Green Bank loans and financing receivables and changes in its cash and investment balances. Total liabilities decreased by \$13 million to \$353 million, primarily from a decrease in bonds payable from scheduled payments. And we mentioned in the Green Jobs, Green New York Program, restricted net position, which is the cumulative difference between revenues and expenses increased by \$81 million to \$1.1 billion, primarily from the additional capitalization of the NY Green Bank.

Unrestricted net position increased from \$4.1 million to \$6 million, which is \$1.9 million higher than the budget, primarily from higher interest earnings than anticipated and from lower than capital asset purchases during the year. Total revenues of \$1.3 billion are \$182 million, less than budget, primarily due to utility surcharge assessment revenues being less than budgeted due to the overstatement of NY Sun expenditures in the fiscal year 2019 budget, which was discussed at the January meeting. Total expenses of \$1.3 billion were \$294 million, less than budget, primarily due to the NY Sun overstatement of budget program expenditures, variances and other

funds were generally paused by delays in launching new initiatives, market participation, lower than anticipated production by the generating facilities and general timing of expenditures.

Your packet includes a separate standalone financial statement for the NY Green Bank. NY Green Bank ended the fiscal year with 609 million in total assets, an increase of \$38 million from the prior year operating revenues of \$22 million or 0.7% lower than budgeted revenues, which is 5.9%. On average, deployed capital as compared to the budget of 6.4% and 6.3% in the prior year. The slight variance in percentages is primarily due to lower average interest rates than what was assumed in the budget. And the variance from the preceding year was primarily due to lower closing fees, earned resulting from lower capital committed. And then the prior year gross return on investment, which is the total rate of return before expenses increased from 4.8% to 5% net return on investment net of expenses increased from 2.8% to 3.1%. And the cumulative net return of investment since inception increased to 10.8% net income from NY Green Bank for the year with \$17.3 million, \$3.8 million more than budget. This is the third consecutive year of revenues and excessive expenditures and a total of \$40 million on a cumulative basis.

Your meeting packet includes some additional reports issued by the independent auditors on our government auditing standards. We are pleased to report that the auditors disclose no instances of noncompliance or material weaknesses, found reasonable management's estimates and financial disclosures, noted no uncorrected misstatements in the financial statements, noted no disagreements with management, and offered no management letter comments to address control weaknesses or suggestions for improvement.

This concludes my report and I'm happy to answer any questions at this time. Thank you.

**Jay Koh:**

Thank you for your presentation. Are there any questions from the Members at this time?  
[Pause.]

Okay, seeing none, I simply wanted to note, and we'll move forward an approval process afterwards, after executive discussions with auditors that I commend management and, management of Green Bank in particular as well for their ability to manage and execute through the COVID crisis. We'll see the impact of this in the post March 31, 2020 financial statements and the original budget in October. But the full meeting activity in terms of working with counterparties, in the Green Jobs – Green New York activities, as well as NY Green Bank, and engagement and the activities of the Agency overall through this very challenging period, I think is to be commended, particularly in the qualified financial audits that we continue here and then management cooperation with those activities.

Are there any other comments from Members of the Committee before we...?

**Sherburne Abbott:**

I might just ask a quick question.

**Jay Koh:**

Go ahead.

**Sherburne Abbott:**

Peter, can you, can you confer, tell me again what you said, stated some numbers about 13 out of some large number of, out of how many?

**Jay Koh:**

21,000.

**Sherburne Abbott:**

So, you know, I mean, we'll know later on. Right. But it seems to me that there's a story about clean energy investment here, that in, in unprecedented times, which may be restorative, right?

**Jeff Pitkin:**

Yeah, yeah. Shere, I don't want to, I don't want to jinx us it's January 23rd.

**Sherburne Abbott:**

I know, I know, I, I'm a Pollyanna here, but I think it just seems to me, it looks, you know, in the, in light of the general other news, it looks pretty good.

**Jeff Pitkin:**

Yeah. And, and just to just, just remind the Committee, we have been posting on a monthly basis, the performance data of our entire residential clean energy financing portfolio on our website and the New York Performs website in an effort to try to provide a transparency of, you know, performance results. And this was all pre-COVID. Right. And so sharing, to your point, I think the point that's going to be even perhaps, more helpful to capital providers will be the ability to assess performance results of the residential portfolio after and through, through this crisis. Right.

**Sherburne Abbott:**

Yeah. No, it's impressive. You're all doing a great job here.

**Richard Kauffman:**

I don't know if that was Ken. Well, I just had a question for Alfred, if just in general, talk about what the PR has been in evaluating the portfolio, given the crisis. We don't need to get into a lot of detail, just like to know if you could just give a general overview of [it]?

**Alfred Griffin:**

Can, can you all hear me? Good morning. Good morning, everyone. So, so yeah, we have monthly reviews and then a more, more detailed, quarterly reviews on all the transactions in our portfolio. And, for both the first, monthly review that we had covered and on a quarterly basis, we went through every, every name to try to identify the exposure they might have, to COVID what the likely risks might be. And, you know, understand what those are. And, they, as wide open in terms of, monitoring those risks. And, you know, we, you know, as Jeff has, as pointed out on the grand job screen, New York, you know, as relates to all the residential type consumer exposure, we have the performance thus far has been, quite strong. We also have concerns about, about the, developers and, intermediaries that are out doing the business and servicing these

portfolios because of course we want them to continue to generate revenues with new sales cause that helps support them in terms of being an ongoing, LNM provider. So we are paying close attention to that. And then, you know, certainly we've been monitoring the impact to construction and supply chain and so forth in terms of new projects being built. So, Richard, we have taken a proactive approach to monitoring the portfolios as relates to cause the, does that help answer your question?

**Richard Kauffman:**

Yes. Thank you very much.

**Jay Koh:**

And or others, did anyone else have questions for Peter or others before we move into executive session? [Pause].

Okay. We'll consider a resolution recommending approval of the financial statements after we have met in executive session with the independent auditors.

Now may I have a motion to convene an executive session to discuss the authority's condition?

**Kate Fish:**

So moved.

**Jay Koh:**

Second?

**Sherburne Abbott:**

Second.

**Jay Koh:**

When Sara calls your name please indicate whether you are in favor by stating "Aye" or opposed by stating "No." Sara?

**Sara LeCain:**

Thank you. When I call each name, please indicate your vote.

Committee Chair Jay Koh.

**Jay Koh:**

Aye.

**Sara LeCain:**

Authority Chair Richard Kauffman.

**Richard Kauffman:**

Aye.



**Sara LeCain:**  
Shere Abbott.

**Sherburne Abbott:**  
Aye.

**Sara LeCain:**  
Ken Daly.

**Ken Daly:**  
Aye.

**Sara LeCain:**  
Kate Fish.

**Kate Fish:**  
Aye.

**Sara LeCain:**  
The move to the executive session has been approved.

**Jay Koh:**  
Thank you. Now the Members will now enter into executive session. During that time, the webcasts will remain up. Upon our return, we will reconvene the meeting. And as I understand the logistics from yesterday's discussions, there should be a second WebEx link in your meeting invite. So I will sign out of this session and sign on to the other WebEx executive session link. And then we will reconvene here once the executive session is completed. Thank you, Members.

[Meeting paused during Executive Session.]

**Sara LeCain:**  
Okay. And if you can just hold one second. I can confirm that we're back and recording. [Pause]. And we are on.

**Jay Koh:**  
Thank you. This meeting is reconvened in open session. No action was taken during the executive session.

May I have a motion recommending adoption of the financial statements of the Authority and the NY Green Bank?

**Kate Fish:**  
So moved.

**Sherburne Abbott:**  
Second.

**Jay Koh:**

Thank you. When Sara calls your name, please indicate whether you are in favor by stating “Aye” or opposed by stating “No”. Sara?

**Sara LeCain:**

Thank you. When I call each name, please indicate your vote.

Committee Chair Jay Koh.

**Jay Koh:**

Aye.

**Sara LeCain:**

Authority Chair Richard Kauffman.

**Richard Kauffman:**

Aye.

**Sara LeCain:**

Shere Abbott.

**Sherburne Abbott:**

Aye.

**Sara LeCain:**

Ken Daly.

**Ken Daly:**

Aye.

**Sara LeCain:**

Kate Fish.

**Kate Fish:**

Aye.

**Sara LeCain:**

The financial statements for the Authority and NY Green Bank have been recommended for approval.

**Jay Koh:**

Thank you. The next item to be considered is the appointment of KPMG, LLP as the Authority’s independent auditors for fiscal year 2020 through 2021. Jeff Pitkin, will you discuss this item?

**Jeff Pitkin:**

Yes. The Members are asked to approve a resolution and reappointing KPMG as independent auditors for the fiscal year ending March 31st, 2021. The firm's fees and expenses for their services will not exceed \$119,160. The Authority competitively selected KPMG through an RFP issued in 2016. And this is year five of your, of your, five years, under that RFP. And we expect to issue an RFP for auditing services in the fall of this year, for services after, the current fiscal year.

Management's been satisfied with KPMG's performance and recommends that they be reappointed.

**Jay Koh:**

Thank you, Jeff. Any questions for Jeff? [Pause].

Seeing none, may I have a motion recommending KPMG, LLC as the Authority's independent auditors for fiscal year 2020-2021?

**Richard Kauffman:**

Yes.

**Sherburne Abbott:**

So moved.

**Jay Koh:**

Thank you, when Sara calls your name please indicate whether you are in favor by stating "Aye" or opposed by stating "No." Sara?

**Sara LeCain:**

Thank you. When I call each name, please indicate your vote.

Committee Chair Jay Koh.

**Jay Koh:**

Aye.

**Sara LeCain:**

Authority Chair Richard Kauffman.

**Richard Kauffman:**

Aye.

**Sara LeCain:**

Shere Abbott.

**Sherburne Abbott:**

Aye.

**Sara LeCain:**

Ken Daly.

**Ken Daly:**

Aye.

**Sara LeCain:**

Kate Fish.

**Kate Fish:**

Aye.

**Sara LeCain:**

The appointment of the independent auditors for fiscal year 2020-2021 has been recommended for approval.

**Jay Koh:**

Perfect. Thank you. The next item is the annual bond sales report. Jeff, will you discuss this item?

**Jeff Pitkin:**

Sure. Pursuant to the requirements of the Public Authorities Law, we're requesting the Members to adopt a resolution approving the submission of the annual bond sale report. The report indicates that there weren't any financing new issues, refundings, or conversions during the year. And it provides a schedule of Authority bonds outstanding, which totals a little more than \$1.6 billion.

**Jay Koh:**

Thank you, Jeff. Are there any other questions for Jeff? [Pause].

Seeing none, may I have a motion recommending approval of the Authority's annual bond sales report?

**Kate Fish:**

So Moved.

**Jay Koh:**

Second?

**Richard Kauffman:**

Second.

Thank you. When Sara calls your name, please indicate whether you are in favor by stating "Aye" or opposed by stating "No." Sara?

**Sara LeCain:**

Thank you. When I call each name, please indicate your vote.

Committee Chair Jay Koh.

**Jay Koh:**

Aye.

**Sara LeCain:**

Authority Chair Richard Kauffman.

**Richard Kauffman:**

Aye.

**Sara LeCain:**

Shere Abbott.

**Sherburne Abbott:**

Aye.

**Sara LeCain:**

Ken Daly.

**Ken Daly:**

Aye.

**Sara LeCain:**

Kate Fish.

**Kate Fish:**

Aye.

**Sara LeCain:**

The annual bond sales report has been recommended for approval.

**Jay Koh:**

Thank you. The next item on the agenda is the review and approval of the Audit and Finance Committee Charter. This item will be presented by Peter Costello. Peter?

**Peter Costello:**

Thank you, Jay. Pursuant to the Public Authorities Accountability Act of 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 determine what if any amendments need to be made. These recommendations would then be presented to the full Board for approval at its meeting later today.

A copy of the current Audit and Finance Committee Charter was included in your meeting package. Management is not recommending any changes to the Audit and Finance Committee Charter at this time.

I'm happy to take any questions.

**Jay Koh:**

Thank you, Peter. Are there any questions about the changes to the Charter? [Pause].

Seeing none, may I have a motion recommending approval of the [Audit and Finance] Committee Charter?

**Sherburne Abbott:**

So moved.

**Jay Koh:**

Second?

**Kate Fish:**

Second.

**Jay Koh:**

Thank you. When Sara calls your name, please indicate whether you are in favor by stating "Aye" or opposed by stating "No." Sara?

**Sara LeCain:**

Thank you. When I call each name, please indicate your vote.

Committee Chair Jay Koh.

**Jay Koh:**

Aye.

**Sara LeCain:**

Authority Chair Richard Kauffman.

**Richard Kauffman:**

Aye.

**Sara LeCain:**

Shere Abbott.

**Sherburne Abbott:**

Aye.

**Sara LeCain:**

Ken Daly.

**Ken Daly:**

Aye.

**Sara LeCain:**

Kate Fish.

**Kate Fish:**

Aye.

**Sara LeCain:**

The Committee's Charter has been recommended for approval.

**Jay Koh:**

Thank you. Are there any other additional items that committee members wish to discuss?

[Pause].

Seeing none, may I have a motion to adjourn?

**Sherburne Abbott:**

So moved.

**Jay Koh:**

All in favor.

**Various:**

Aye

**Jay Koh:**

Thank you. This meeting is adjourned. Thank you very much.