



**MINUTES OF THE SPECIAL MEETING  
OF THE  
NYPA AND CANAL AUDIT COMMITTEE  
October 19, 2021**

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October 19, 2021

Minutes of the special meeting of the New York Power Authority and Canal Corporation's Audit Committee held at the Clarence D. Rappleyea Building, 123 Main Street White Plains, NY, at approximately 9:30 a.m.

**The following Members of the Audit Committee were present:**

Eugene Nicandri, Chairman  
John R. Koelmel  
Anthony Picente, Jr.  
Bethaida González  
Dennis Trainor

**Also in attendance were:**

Tracy McKibben	Trustee
Michael Balboni	Trustee
Gil Quiniones	President and Chief Executive Officer
Philip Toia	President – NYPA Development
Justin Driscoll	Executive Vice President and General Counsel
Joseph Kessler	Executive Vice President and Chief Operations Officer
Adam Barsky	Executive Vice President and Chief Financial Officer
Kristine Pizzo	Executive Vice President and Chief HR & Administrative Officer
Sarah Salati	Executive Vice President and Chief Commercial Officer
Daniella Piper	Regional Manager and CTO – Niagara Project
Keith Hayes	Senior Vice President – Clean Energy Solutions
Yves Noel	Senior Vice President and Chief Strategy Officer
Robert Piascik	Senior Vice President and Chief Information & Technology Officer
Angela Gonzalez	Senior Vice President – Internal Audit
Karen Delince	Vice President and Corporate Secretary
Joseph Gryzlo	Vice President and Chief Ethics & Compliance Officer
John Canale	Vice President – Strategic Supply Management
Kerry-Jane King	Director - Sustainability
Sundeep Thakur	Controller
Carley Hume	Deputy Chief of Staff – President's Office
Lorna Johnson	Senior Associate Corporate Secretary
Sheila Quatrocci	Associate Corporate Secretary
Andrea Kelli Higgs	Associate Corporate Secretary
Scott Heiser	Lead Audit Partner - KPMG

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Chairman Eugene Nicandri presided over the meeting. Corporate Secretary Delince kept the Minutes.

**Introduction**

***Chairman Nicandri welcomed committee members and senior staff to the meeting. He said the meeting had been duly noticed as required by the Open Meetings Law and called the meeting to order pursuant to section B(4) of the Audit Committee Charter.***

1. **Adoption of the October 19, 2021 Proposed Special Meeting Agenda**

On motion made by member John Koelmel and seconded by member Dennis Trainor, the agenda for the meeting was unanimously adopted, as amended.

2. **Motion to Conduct an Executive Session**

*This item was pulled from the agenda.*

3. **Motion to Resume Meeting in Open Session**

*This item was pulled from the agenda.*

4. **DISCUSSION AGENDA:**

a. **Non-Audit Services Engagement - KPMG**

“SUMMARY

The Executive Vice President and Chief Financial Officer and the Controller request that the Audit Committee recommend that the Board of Trustees approve an increase of funds to the personal service contract of KPMG LLP (“KPMG”) in the amount of \$2,200,000 for additional Accounting Services for a total contract amount of \$5,200,000.

In accordance with the Authority’s Guidelines for Procurement Contracts and Expenditure Authorization Procedures (EAPs), when rebidding is not feasible, cumulative change orders exceeding 25% of the original contract amount requires Trustee approval. Trustee approval will be requested at the October 19, 2021, Trustee meeting.

The Authority will be engaging KPMG in certain non-audit services, including Integrated Reporting and the NYSEERDA Tier 4/Clean Path Project. The Integrated Reporting and the Clean Path Project engagement will be supervised by a partner and assigned staff who will be different than the partner and staff performing our financial statement audit. Compensation for these non-audit advisory services will be paid to KPMG at the quoted rates contained within the personal service contract of KPMG.

BACKGROUND

At the Trustee meeting on July 30, 2019, the Trustees approved the award of a competitively bid contract, to KPMG in the aggregate amount of \$3,000,000 to provide annual audit services, other audit services and other non-audit services. The contract became effective on September 15, 2019, for a term of (5) Five years.

KPMG has become a leading expert in developing a framework around Integrated Reporting. The Authority has a need to implement this new reporting structure. KPMG was selected to assist with the preparation of an integrated report (IR) that will be issued in 2023 and will also assist with the preparation of a transitional report, to be issued in 2022. This work will build on the Authority’s 2020 materiality assessment, as well as the 2021-25 Sustainability Plan and the 2020 Sustainability Report. Tasks include analysis of IR requirements and identification of scope and data sets, an assessment of data collection processes and controls, and support in the development of report content, materiality assessment refresh and a review of evolving standards and disclosures.

In addition, KPMG’s in-depth knowledge and detailed understanding of utilities in the public sector and in particular their familiarity with the Authority provides the experience necessary to assist us in the NYSEERDA Tier 4/Clean Path Project. KPMG will assist the Authority in providing non-audit services related to structuring of the relevant commercial agreements with respect to the Clean Path Project, provide guidance on accounting impact of the transaction on the Authority’s financial statements and credit rating implications while keeping costs low through reduced duplication of activities.

The additional aggregate funding will support these additional non-auditing advisory service requirements.

DISCUSSION

The Authority has contracted with KPMG for independent accounting services including annual audits of the Authority’s financial statements and related reporting on internal controls and investments. The contract contains a provision for engaging KPMG to perform other non-

audit services which may include, but are not limited to, reviews and advice regarding taxes internal process and procedural matters. Prior to engaging KPMG for non-audit services, the contract requires that the Authority's audit committee approve each non-audit service engagement.

In addition, New York State Public Authorities Law Section 2802 (5) prohibits the independent accountant who audits an authority's financial statement from performing non-audit services without prior written approval of the Authority's Audit Committee. The Authority's Audit Committee Charter includes within its Functions and Powers section the responsibility to assure the independence of the independent accountants by approving any non-audit work for the Authority and examining the accountant's relationship with the Authority.

The Audit Committee is authorized to approve the engagement of KPMG to provide such services at the October 19, 2021, meeting under the existing contract with KPMG for independent accounting services.

#### RECOMMENDATION

The Executive Vice President and Chief Financial Officer and the Controller request that the Audit Committee recommend that the Board of Trustees approve the target value of the KPMG personal services contract, under the existing contract with KPMG, for independent accounting services by \$2,200,000 for a total aggregate value of \$5,200,000.

In addition, it is requested that the Audit Committee authorize the engagement of KPMG to provide services associated with Integrated Reporting and NYSERDA Tier 4/Clean Path Project under the existing contract with KPMG for independent accounting services."

*Mr. Adam Barsky, Chief Financial Officer, provided highlights of staff's recommendation to the Committee.*

On motion made by member John Koelmel and seconded by Chair Eugene Nicandri, the members approved the aforementioned request and recommendation.



5. **Next Meeting**

The next regular meeting of the Audit Committee will be held on December 8, 2021, at a time to be determined.

**Closing**

On motion made and seconded the meeting was adjourned by the Chairman at approximately 9:45 a.m.

*Karen Delince*

Karen Delince  
Corporate Secretary