



**Environmental  
Facilities Corporation**

**KATHY HOCHUL**  
Governor

**MAUREEN A. COLEMAN**  
President and CEO

June 30, 2023

The Honorable Kathy Hochul  
Governor  
State of New York

The Honorable Liz Krueger  
Chair  
Senate Finance Committee

The Honorable Helene E. Weinstein  
Chair  
Assembly Ways and Means Committee

The Honorable Thomas F. O'Mara  
Ranking Member  
Senate Finance Committee

The Honorable Edward P. Ra  
Ranking Member  
Assembly Ways and Means Committee

The Honorable Thomas P. DiNapoli  
Comptroller  
State of New York

Mr. Jeffrey Pearlman, Esq.  
Acting Director  
New York State Authorities Budget Office

In accordance with the requirements of Section 2800 of the Public Authorities Law, the New York State Environmental Facilities Corporation respectfully submits its annual report for fiscal year 2022-2023.

Sincerely,

A handwritten signature in black ink, appearing to read "Maureen A. Coleman". The signature is fluid and cursive, with a long horizontal stroke at the end.

Maureen A. Coleman  
President and CEO

Enclosure  
c: Commissioner Basil Seggos, Chair

**The New York State Environmental Facilities Corporation**  
**Public Authorities Law Compliance Report**  
**State Fiscal Year, April 1, 2022 – March 31, 2023**

*The mission of the Environmental Facilities Corporation is to assist communities throughout New York State to undertake critical water quality infrastructure projects by providing access to low-cost capital, grants, and expert technical assistance. A primary goal is to ensure that these projects remain affordable while safeguarding essential water resources. We support this mission by consistently using an innovative approach to developing and advancing new financing strategies to maximize the funding that can be made available to our clients, aiding compliance with Federal and State requirements, and promoting green infrastructure practices.*

The Environmental Facilities Corporation (EFC or Corporation) is a public benefit corporation that provides financial and technical assistance primarily to municipalities by providing low-cost financing for their water quality infrastructure projects. EFC administers a number of programs, including managing the most successful State Revolving Funds in the nation. These programs, including the Wastewater Infrastructure Engineering Planning Grant Program and the Green Innovation Grant Program, have provided over \$45.8 billion in low-cost financing and grants for approximately 3,551 water and sewer infrastructure projects across New York State.

## **Statutory Authority**

*EFC is a public benefit corporation created by chapter 744 of the laws of 1970 (the “EFC Act,” codified in Title 12 of Article 5 of the Public Authorities Law, as amended). EFC is a separate entity apart from the State without any power of taxation. The statute permits EFC to, among other things:*

- Administer and finance the State Revolving Funds (SRFs) established by the State as set forth in the EFC Act pursuant to the Federal Water Quality Act of 1987 and the Federal Safe Drinking Water Act Amendments of 1996; and
- Render technical advice and assistance to private entities, State agencies, and local government units on sewage treatment and collection, pollution control, hazardous waste abatement, solid waste disposal and other related subjects.

## **The New York State Revolving Funds**

The SRFs are capitalized with Federal dollars and matching funds from the State. EFC uses this capital along with proceeds from its AAA rated bond sales to lend to

municipalities at low-interest and subsidized interest rates. In the case of communities suffering economic hardship, the SRFs may provide interest-free loans and grants.

### **Clean Water State Revolving Fund (CWSRF)**

In State Fiscal Year (SFY) 2023, EFC closed \$2.6 billion in CWSRF financial assistance agreements for 122 clean water infrastructure projects.

Since inception of the program in 1987, the CWSRF has provided over \$35 billion in financial assistance to over 600 recipients for over 2,300 clean water infrastructure projects that protect and improve water quality and public health throughout the State.

As of March 31, 2022, the total net position of the CWSRF was \$5.9 billion.

### **Drinking Water State Revolving Fund (DWSRF)**

In SFY 2023, EFC closed \$493 million in financial assistance agreements for 57 drinking water projects, including \$15.6 million in DWSRF grants to 9 disadvantaged communities.

Since inception of the DWSRF program in 1996, the DWSRF has provided \$8.4 billion in financial assistance to public water systems throughout the State, including \$401 million in DWSRF grants, to over 500 recipients.

As of March 31, 2022, the total net position of the DWSRF was \$1.4 billion.

### **SRF Finance Structures**

- Direct Financing is provided to qualified Recipients from SRF capitalization grant monies, repayments, and/or interest earnings. Direct Financing Recipients generally pay 0% interest.
- Leveraged Financing is provided to qualified Recipients at or below market rates. Leveraged Financing Recipients generally receive a subsidy of:
  - 50% of the market interest rate for Clean Water Infrastructure Projects
  - 33% of the market interest rate for Drinking Water Infrastructure Projects

### **SRF Financing and the Bond Markets**

EFC closed two series of bonds in SFY 2022-23. Series 2022 A was closed in April 2022. This transaction on behalf of the New York City Municipal Water Finance Authority (NYCMWFA) refunded EFC's Series 2012 A and 2012 D with a True Interest Cost of 3.23% and provided a savings of \$11.5 million to NYCMWFA.

In addition, EFC closed on Series 2022 B in December 2022. This pooled transaction included financing for 32 municipalities, including the City of New York, and had a True Interest Cost of 4.48%.

During SFY 2022-23, EFC maintained AAA/Aaa credit ratings for the 2010 Master Financing Indenture and the senior and subordinate NYCMWFA Indentures.

## **State Grants**

The Clean Water Infrastructure Act of 2017 (CWIA) invests \$2.5 billion in clean water infrastructure projects and water quality protection across New York. An additional \$2.0 billion in subsequent appropriations is dedicated to clean water infrastructure as of March 2023.

On April 19, 2022, EFC awarded \$634 million in Water Infrastructure Improvement Act (WIIA), Emerging Contaminant (EC), Intermunicipal Water Infrastructure Grants (IMG), and CWSRF grants to support 198 projects. More than \$220 million was awarded to projects to improve drinking water systems and an additional \$206 million to projects that included enhanced treatment systems for addressing emerging contaminants. More than \$140 million was awarded for wastewater projects to improve water quality and reduce potential risks to public health and the environment. \$37 million was awarded to wastewater projects in the form of CWSRF grant.

On November 4, 2022, EFC awarded \$279.3 million in WIIA, EC, and IMG grants to support 73 projects totaling nearly \$1 billion in project costs. \$124.9 million was awarded to drinking water projects and an additional \$31.9 million was awarded to projects to treat emerging contaminants. \$122.5 million was awarded for wastewater improvement projects.

Since the inception of a state water grant program in 2015, EFC has awarded 879 grants to 521 communities for drinking or clean water infrastructure projects. These grants have saved recipients over \$4.6 billion dollars in potential financing costs associated with water and wastewater projects.

## **Infrastructure Investment and Jobs Act – also known as the Bipartisan Infrastructure Law (BIL)**

The BIL is a federal infrastructure funding package that was signed into law on November 15, 2021. In part, the law provides the US Environmental Protection Agency (EPA) with funds to be awarded through states' SRFs to strengthen the nation's wastewater and drinking water systems. The BIL will provide additional funding to the State SRFs annually for five years, starting in Federal Fiscal Year (FFY) 2022. The State will receive approximately \$426 million for these purposes under BIL for FFY 2022. This funding will allow the SRFs to support a greater number of water quality and infrastructure improvement projects throughout the State.

In SFY 2023, EFC closed 4 financial assistance agreements that included BIL funding. The financial assistance agreements totaled \$41.2 million, including \$26.5 million in BIL funds.

## **Septic System Replacement Program**

Established as part of the Clean Water Infrastructure Act of 2017, the Septic System Replacement Program (Program) provides a source of funding for the replacement of cesspools and septic systems in New York State. The Program's goal is to reduce the environmental and public health impacts associated with the discharge of effluent from cesspools and septic systems on groundwater used as drinking water, as well as threatened or impaired water bodies.

The Department of Environmental Conservation (DEC) and the Department of Health (DOH) have determined the geographic areas where the Program will provide grants for eligible septic system projects. Participating counties in these priority geographic areas can access monies from the Program to provide grants to reimburse property owners for up to 50% of the eligible costs (up to a maximum of \$10,000) of their eligible septic system projects. EFC administers the funds provided to the counties for the Program.

Through March 31, 2023, EFC has disbursed \$18.7 million in grants for 2,098 projects in participating counties for the replacement of cesspools and the replacement or upgrade of septic systems to reduce the negative environmental and public health impacts on threatened or impaired waterbodies.

## **Water Infrastructure Emergency Financial Assistance Program**

The Clean Water Infrastructure Act of 2017 authorizes the provision of expedited financial assistance to municipalities for wastewater and drinking water infrastructure emergencies. The amount of financial assistance provided to any municipality is based on the reasonable costs immediately necessary to address the emergency. The financial assistance is a loan, which must be repaid within one year.

Emergency financial assistance may be available to a municipality if the condition of its wastewater or drinking water infrastructure is causing or could reasonably be expected to cause an imminent hazard to public health or welfare, or the environment. To access emergency assistance, a municipality must formally declare an emergency, and submit an application for emergency financial assistance to DEC (for wastewater infrastructure) or DOH (for drinking water infrastructure). Upon a determination by DEC or DOH that the current state of the infrastructure is or may result in a hazard, and of the reasonable costs of eliminating or substantially reducing the hazard, EFC enters into a financial assistance agreement with the municipality and provides the emergency funding within two days.

Since program inception in 2017, EFC has provided emergency loans totaling approximately \$8.3 million to eight communities for emergency clean and drinking water projects, with \$4.9 million having been repaid by the communities, mostly with SRF funds. As of March 31, 2023, two emergency loans remained outstanding, totaling \$3.4 million leaving \$6.6 million available for emergency funding.

Funds repaid to EFC will be used to fund future emergency financial assistance.

## **Green Innovation Grant Program (GIGP)**

GIGP encourages communities to undertake green infrastructure, energy efficiency, water efficiency, and environmentally innovative projects. The installation of water meters has been shown to reduce water use by residents. This reduction in water use results in lower operation and maintenance costs for drinking water systems. The same is true for wastewater systems, as the reduction in flow to a wastewater treatment plant reduces the cost of operating the facility.

In May 2022, up to \$15 million was made available for another round of the GIGP Program. EFC received 79 eligible GIGP applications for over \$112 million in total project costs. On November 4, 2022, EFC awarded \$15.8 million to 8 projects all of which are in environmental justice communities.

Since the inception of the GIGP in 2009, EFC has disbursed over \$150.5 million to fund 207 green infrastructure projects. Six projects were closed out during this reporting period.

## **Wastewater Infrastructure Engineering Planning Grant (EPG)**

EPG funds are used to pay for engineering and/or consultant fees for engineering and planning services to produce an engineering report. In May 2022, \$3 million was made available for another round of the EPG Program. 70 complete applications were received through July 29, 2022, the application deadline. On November 4, 2022, EFC awarded \$3,085,000 to support all 70 projects with eligible applications.

Since the inception of the EPG Program in 2012, EFC has disbursed \$16.3 million to fund 564 EPG Program projects, which has led to over \$888 million in CWSRF financings for clean water infrastructure projects.

## **East of Hudson Septic System Rehabilitation Reimbursement Program**

Property owners who have received a Notice of Violation on or after November 30, 2008, or believe their septic system is failing were eligible to obtain up to 50% of eligible costs up to a maximum reimbursement of \$25,000. This program was designed to help reduce the potential water quality impacts that may arise from failing septic systems in the Kensico, Boyd Corners, West Branch, Cross River, and Croton Falls watersheds. To date, the East of Hudson Program has provided property owners over \$705,000 in reimbursements. EFC's contract to administer this program with the New York City Department of Environmental Protection expired on December 31, 2022.

## **Clean Vessel Assistance Program (CVAP)**

CVAP provides grants to marinas for the installation, renovation, and replacement of pumpout stations for the removal and disposal of recreational boater septic waste. Grant recipients can receive up to 75% of eligible project costs up to \$60,000 for installing

pumpout boats and up to \$35,000 for installing or upgrading stationary pumpout units or upgrading pumpout boats. Since the program's inception in 1992, participants have received over \$13 million in grant funds.

## **Industrial Finance Program (IFP)**

IFP low-cost loans are financed from the proceeds of special obligation revenue bonds issued by EFC that are backed by the credit of the borrower. Through IFP, EFC has facilitated loans to more than \$884 million to New York businesses for projects that manage waste, control pollution, build drinking water and wastewater treatment facilities to comply with environmental regulations.

## Description of the Authority and its Board Structure

As noted in the Operations and Accomplishments section of this report, EFC is a public benefit corporation that manages successful Clean Water and Drinking Water SRFs and administers a number of other programs, including the Water Infrastructure Improvement Act grants and Intermunicipal Water Infrastructure grants, among others. EFC has no subsidiaries and as of March 31, 2023, EFC had 104 employees.

During this reporting period, there were five Divisions within EFC:

1. Executive – Led by the President and CEO and Executive Vice President, and includes oversight of the Executive Staff and their respective Divisions, as well as program and policy development, SRF program management, and Community Assistance Teams.
2. Engineering – Provides assistance to communities and manages the technical and programmatic aspects of EFC's financing programs. The Division also works with each client and its consulting engineer to properly guide the client's water quality infrastructure project. The Division also includes the Green Infrastructure and Resiliency Program, and the Clean Vessel Assistance Program.
3. Finance and Accounting – Assists communities in obtaining low-cost capital and grants. The Division works in conjunction with the client and its financial advisor to develop a financial assistance package that meets the client's project related expenses, and is also responsible for loan development and structuring. The Division also includes the Accounting and Budget Unit, whose responsibilities include all corporate accounting functions, debt service billing, and disbursements.
4. Administration and Corporate Operations – Provides administrative support to EFC and includes functions such as procurement, human resources and support services, information technology, communications, program compliance, diversity, inclusion & employee development, and Freedom of Information Law (FOIL).
5. Legal – Works closely with a client's local counsel and bond counsel and provides legal services and advice to EFC on corporate matters including SRF, policies, procurement, litigation, contracts, ethics, human resources, FOIL appeals, disclosure, and other compliance matters. The Legal Division also includes the Secretary to the Corporation.



# Legislation That Forms the Statutory Basis of the Authority

## Title 12 of Article 5 of the NYS Public Authorities Law

§ 1282. New York state environmental facilities corporation.

1. The "New York state pure waters authority" is hereby reconstituted and continued as the "New York state environmental facilities corporation". Reference in any provision of law, general, special or local, or in any rule, regulation or public document to the New York state pure waters authority shall be deemed to be and construed as a reference to the corporation continued by this section. The corporation shall be a body corporate and politic constituting a public benefit corporation. Its membership shall consist of seven directors: the commissioner of environmental conservation who shall be chair, the commissioner of health, the secretary of state, and four directors appointed by the governor by and with the advice and consent of the senate. The directors appointed by the governor who are not state officers, shall serve for terms of six years each, provided, however, that of the directors first appointed, two shall serve for terms of two years, the remaining two for terms of four and six years, respectively, from January first next succeeding their appointment. The appointed members of the New York state pure waters authority in office on the effective date of this title shall be deemed to be directors first appointed in accordance with the foregoing and shall hold office for the balance of the terms for which they were severally appointed. Any vacancy occurring otherwise than by expiration of term shall be filled in the same manner as the original appointment for the balance of the unexpired term. The board of directors of the corporation shall appoint, by resolution, the president of the corporation. The president shall be the chief executive officer of the corporation and shall serve at the pleasure of the board of directors of the corporation.

2. Each director shall not receive a salary or other compensation but shall be entitled to reimbursement for actual and necessary expenses incurred in the performance of his or her official duties.

3. Such directors other than the commissioner of environmental conservation, the commissioner of health and the secretary of state may engage in private employment, or in a profession or business, subject to the limitation contained in sections seventy-three and seventy-four of the public officers law. The corporation shall, for the purposes of sections seventy-three and seventy-four of the public officers law, be a "state agency," and such directors shall be "officers" of the corporation for the purposes of said sections.

4. Four directors of the corporation shall constitute a quorum for the transaction of any business or the exercise of any power of the corporation. For the transaction of any business or the exercise of any power of the corporation, the corporation shall have power to act by a majority of the directors present at any meeting at which a quorum is in attendance. Videoconferencing may be used for attendance and participation by the directors. Any director attending and participating by the use of videoconferencing in compliance with article seven of the public officers law shall be considered to be present at the meeting. The corporation may delegate to one or more of its directors, or its officers, agents and employees, such powers and duties as it may deem proper. The commissioner of environmental conservation, the commissioner of health and the secretary of state may, by official proxy, filed with and approved by the corporation, designate an officer in their respective department, to perform, in their absence, their respective duties under this article. The term "director" as used in this subdivision shall include such persons so designated as provided herein.

The designation of such persons shall be deemed temporary only and shall not affect the civil service or retirement rights of any persons so designated.

5. Notwithstanding any inconsistent provisions of this or any other law, general, special or local, no officer or employee of the state, or of any civil division thereof, shall be deemed to have forfeited or shall forfeit his office or employment or any benefits provided under the retirement and social security law by reason of his acceptance of membership on the corporation, provided, however, a director who holds such other public office or employment shall receive no additional compensation for services rendered pursuant to this title, but shall be entitled to reimbursement for his actual and necessary expenses incurred in the performance of such services.

6. The governor may remove any director for inefficiency, neglect of duty or misconduct in office after giving him a copy of the charges against him and an opportunity to be heard, in person or by counsel in his defense, upon not less than ten days' notice. If any director shall be so removed, the governor shall file in the office of the department of state a complete statement of charges made against such director, and his findings thereon, together with a complete record of the proceedings.

7. The corporation shall continue so long as it shall have bonds or other obligations outstanding and until its existence shall be terminated by law. Upon the termination of the existence of the corporation, all its rights and properties shall pass to and be vested in the state.

## **Board of Directors**

The Corporation is governed by a Board of Directors (the "Corporation Board"), which consists of seven directors. Three of the directors are designated in the Act as ex-officio members: the Commissioner of Environmental Conservation, whom the Act also designates as the Chair of the Corporation, the Commissioner of Health, and the Secretary of State.

The four remaining directors are appointed by the Governor, by and with the advice and consent of the State Senate. The appointed directors serve staggered six-year terms. Pursuant to State law, after the expiration of a director's term, the director shall hold over and continue to discharge the duties of a director of the Corporation Board until a successor has been chosen and qualified.

As of March 31, 2023, the Corporation Board was comprised of the following members:

### **Ex-Officio Members:**

**Basil Seggos** serves as the Commissioner of Environmental Conservation.

Previously, Mr. Seggos served as both Deputy Secretary for the Environment and Assistant Secretary for the Environment to Governor Cuomo, advising the Governor on environmental policy and overseeing the operations of the state's environmental agencies, including the DEC, the Office of Parks and Recreation & Historic Preservation, EFC, and the Adirondack Park Agency. Prior to working in the Governor's office, Basil served as Vice President of Business Development at the clean-tech private equity company Hugo Neu Corporation, Chief

Investigator and Attorney at Riverkeeper, Associate at the Natural Resources Defense Council, and as a legal clerk at the White House.

Mr. Seggos graduated from Pace Law School in 2001, where he received the environmental law award and alumni achievement award, and from Trinity College in 1996 with a Bachelor of Arts. Basil is a Captain in the U.S. Army Reserve, Judge Advocate General Corps.

**James V. McDonald, M.D., M.P.H.**, serves as the Commissioner of Health. Dr. McDonald was appointed Acting Commissioner of Health on January 1, 2023, and confirmed by the New York State Senate on June 10, 2023. Prior to joining the New York State Department of Health in July of 2022, Dr. McDonald served at the Rhode Island Department of Health since 2012.

At the Rhode Island Department of Health, he served in multiple roles including, Interim Director of Health, Chief Administrative Officer of the Board of Medical Licensure and Discipline, Medical Director for the COVID unit, as well as the Medical Director for Center for Customer Services and the Drug Overdose prevention program. He was also a member of the Governor's task force on Preventing Overdose deaths. Dr. McDonald has faculty appointments at the Brown School of Public Health as well as the Warren Alpert Medical School of Brown University.

Dr. McDonald earned his M.D. from Loyola Stritch School of Medicine in Chicago, his pediatric residency in the US Navy, and his preventive medicine residency from the State University of New York. He earned his MPH from the University of North Carolina in Chapel Hill. He earned his B.S. in Biology from Siena College. Dr. McDonald is board certified in pediatrics as well as preventive medicine.

His diverse career includes officership in the U.S. Navy, as well as private practice in rural areas where health care shortages existed. Dr. McDonald also served in the Indian Health Service in the Navajo Nation, serving as Medical Director of Outpatient Medicine in Chinle, Arizona.

**Robert J. Rodriguez** serves as Secretary of State. Mr. Rodriguez was nominated by Governor Kathy Hochul to serve as New York's 68<sup>th</sup> Secretary of State. He was appointed Acting-Secretary of State on December 15, 2021, and confirmed as the Secretary of State by the New York State Senate on March 1, 2022.

Mr. Rodriguez is a uniquely accomplished leader and former legislator, with civic and legislative successes that have been focused strategically on investing in and developing public-good infrastructure projects, creating good-paying jobs and addressing financial disparities for historically underrepresented minorities and low-income communities. Mr. Rodriguez has specialized in providing advice to state and local governments, and transportation issues in the Northeast and Midwest focused on financial planning, credit rating strategy, managing and executing debt issuance transactions, asset-liability management and public-private partnerships.

As a legislator, Mr. Rodriguez served as a member of the New York State Assembly 11 years, representing Assembly District 68. During his time in the Assembly, he focused on protecting and creating affordable housing, bringing good jobs into the community and ensuring children received a quality education. He served as Co-Chair of the Legislative Task Force on Demographic Research and Reapportionment, founding Chair of the Assembly sub-committee on Infrastructure and Member of Committees on Ways and Means, Housing, Labor, Banking, Corporations and Authorities and Mental Health.

In the private sector, Mr. Rodriguez served as a Director at Public Financial Management, the leading municipal financial advisor in the nation. Prior to PFM, Mr. Rodriguez was a Vice President at A.C. Advisory, Inc. and held various management and operations roles at Bloomberg LP.

As a civic leader, Mr. Rodriguez served on a number of volunteer boards including as Chairman of Manhattan Community Board 11 and as a member of the Board of Directors of the Upper Manhattan Empowerment Zone.

Mr. Rodriguez is a graduate of Yale University, where he received a B.A. in History and Political Science and New York University Stern Business School where he received an MBA in Finance. He is also an emerging leader of the New America Alliance, and the Council for Urban Professionals (CUP) Fellow.

Mr. Rodriguez resides in East Harlem.

### **Other Board Members:**

**Francis T. Corcoran** was the President and Chief Administrative Officer at the National Stock Exchange, Inc. (NSX) until its sale in February 2015. Mr. Corcoran has been working in the financial/capital markets arena for 30 years. He has been active on the forefront of businesses that have significantly impacted the capital markets.

Mr. Corcoran was an Owner, Officer and Board Director of Institutional Shareholders Services – the largest Corporate Governance Advisory firm in the world; Managing Director of Sales, Marketing and Strategy at NYSE Member Firm Reynders, Gray & Co.; Vice President and Head of Sales and Business Development at Instinet Corporation; Senior Vice President at the American Stock Exchange for Equity Order Flow & Business Development. He is a former member of the Board of Directors for the Securities Industry Association (SIA) New York Chapter and was a Member of the Congressional Financial Services Advisory for the Chairman of the Financial Services Oversight Committee. Mr. Corcoran is a Member of the Securities Trader Association and The National Corporate Directors Association.

Mr. Corcoran is an active participant in both state and local government. He is one of the four outside Directors on the Board for EFC. He has served five Governors in this role. As a member of the Management Advisory Board to the Inspector General of the Metropolitan Transportation Authority, he has served as the Acting Board Chairman since 2003 and has also served four Governors in this role. The Office of the Inspector General is an independent oversight agency, which reviews the operations of the MTA, and its constituent agencies, comprising of 650,000 employees and operating in three states. He is a Board Member of the Metro-North Railroad Commuter Council and the Permanent Citizens Advisory Committee to the MTA. He has proudly served the Town of Bedford for twelve years as Councilman.

Mr. Corcoran was elected to the Westchester County Board of Legislators in 2015 and represents the 2<sup>nd</sup> District (Bedford, Lewisboro, Mount Kisco, North Salem, Pound Ridge and Somers). He also serves as Chair of the Environment and Health Standing Committee.

Mr. Corcoran is a graduate of Iona College, B.S. Cum Laude, Humanities.

**Charles Kruzansky** is the Director of Government Relations and Special Assistant to the Vice Provost for Research at Cornell University in Ithaca. Responsible for Cornell's dealings with New York State, he manages the University's legislative and budget agendas before the

Legislative and Executive branches of state government. As the state's largest research university and New York's Land Grant Institution, Cornell is involved in a range of issues and programs with New York State, in addition to those that affect higher education and research. Prior to becoming director of the Albany Office of Government Relations for Cornell University in 1991, Mr. Kruzansky served as a legislative and fiscal analyst for the NYS Assembly Ways and Means Committee staff from 1985 to 1990. He was the State Assembly's primary negotiator on energy and other regulatory agency budgets and legislation. He was also on the board of Environmental Advocates of New York from 1993-2007 and was New York's affiliate representative or alternate to the National Wildlife Federation for several years between 1998 and 2004. He has a B.A. from Johns Hopkins University in Baltimore, Maryland and an MBA from Columbia University in New York City. Charlie grew up in the Hudson Valley and resides in Voorheesville with his wife and two kids.

**Vita DeMarchi** is Managing Partner and Co-Founder of Synapse Partners, LLC, the globally recognized excess/surplus line wholesale insurance brokerage and risk management firm specializing in the environmental market. Synapse connects clients, partners and investors through strategic alliances that create innovative and distinctive business advantages. Synapse is headquartered in Syracuse in a formerly decaying, mid-20<sup>th</sup> century boxing gym that was re-imagined into what became in 2012 the seventh highest ranking LEED EBOM Platinum building in the world.

Ms. DeMarchi is a strategic advisor to Fortune 500 businesses, developing businesses, real estate developers, and municipalities. She helps clients and partners manage business and environmental risk, implement sustainable business practices, analyze financial data for informed business decisions, and secure project funding and capital formation.

Ms. DeMarchi was the co-founder and a Director of Synapse Sustainability Trust, a 501c-3 Not for Profit Corporation which led important New York environmental, energy and economic development initiatives over the past decade. EVPass initiated the groundbreaking 2012 deployment of the CNY Destination Location Network for electric vehicle charging stations and infrastructure which was subsequently sold to a public company in 2013, becoming part of a larger USA network. Restoration Tree Trust, an urban and rural reforestation and habitat restoration catalyst, collaborates with municipalities, government agencies, not-for-profit organizations, educational institutions, and private sector businesses to address greenhouse gas emissions, water pollution, energy management and climate resiliency.

Vita DeMarchi is currently Chair of the Board of Trustees of the State University of New York's College of Environmental Science and Forestry. She was appointed by Governor Cuomo in 2012 as a Board of Director to the Great Lakes Protection Fund. In the past, Ms. DeMarchi served as the President of the CNY Association of Professional Geologists, and was on the Board of Directors of the NYS Council of Professional Geologists. A graduate of Syracuse University, Ms. DeMarchi was a licensed professional geologist, with Masters Studies in environmental engineering and hydrogeology.

**Adam Zurofsky** is a Senior Advisor of Rewiring America, a non-profit organization dedicated to promoting economically beneficial solutions to energy and climate challenges. Mr. Zurofsky was the Director of State Policy and Agency Management for the State of New York until 2019. In that capacity, he led the development and implementation of major policy initiatives and was responsible for strategic management of the State's executive agencies and authorities. Mr. Zurofsky previously served as Deputy Secretary for Energy and Finance, where he oversaw all policy and regulatory aspects of New York State's energy, climate and finance portfolios. Mr.

Zurofsky helped to lead implementation of the State's climate agenda, including establishing the U.S. Climate Alliance of 25 states and territories committed to upholding the Paris Climate Accords and the decarbonization of the over \$200 billion New York Common Retirement Fund.

Prior to his time in government, Mr. Zurofsky was a partner in the law firm of Cahill Gordon & Reindel, LLP, where he represented companies and boards of directors in a variety of litigation, regulatory and governance matters. He currently teaches climate policy at Columbia University's School of International and Public Affairs and has taught, published and lectured on topics ranging from corporate purpose to the clean energy transition in various capacities over the course of his career. Mr. Zurofsky holds an A.B. with honors in political science from Stanford University and a J.D. cum laude from Harvard Law School. He lives in New York City with his wife, three children and their dog.

## **Committees**

- Audit Committee – Charles Kruzansky (Chair), Francis T. Corcoran, Vita DeMarchi, Adam Zurofsky;
- Governance Committee – Vita DeMarchi (Chair), Charles Kruzansky, Francis T. Corcoran, Adam Zurofsky;
- Finance Committee – Francis T. Corcoran (Chair), Charles Kruzansky, Vita DeMarchi, Adam Zurofsky;
- Policy Committee – All directors are members of the Policy Committee and the Committee is chaired by the Chair of the Corporation's Board of Directors.

P = Present

A= Absent

**NEW YORK STATE ENVIRONMENTAL FACILITIES CORPORATION**  
**Meetings of the Board of Directors**  
**Board Member Attendance Record | April 1, 2022 - March 31, 2023**

	Meeting Dates										
	APRIL 7	MAY 12	JUNE 13	JUNE 23 Annual Meeting	AUG 31	OCT 14	NOV 4	DEC 9	JAN 13	FEB 9	MARCH 9
<b>Ex Officio Members</b>											
<b>DEC Commissioner - Basil Seggos</b>	A	A	A	A	A	A	A	A	A	A	A
Designee – Jeffrey Stefanko	P	P	P via video	P	A	A	P	P	P	P	P
<b>DOH Commissioner – Mary T. Bassett</b>	A	A	A	A	A	A	A	A			
<b>DOH Commissioner - James V. McDonald <sup>1</sup></b>									A	A	A
Designee – Roger C. Sokol <sup>2</sup>	P	P									
Designee – Christine Westerman <sup>3</sup>			P	A	P	P	P	P		P	P
<b>Secretary of State - Robert J. Rodriguez</b>	A	A	A	A	A	A	P via video	P via video	A	A	A
Designee - James Leary	P via video	P via video	P via video	P	A	P	A	P <sup>4</sup>	P	P	P
<b>Independent Board Members</b>											
Francis T. Corcoran	P via video	P via video	P via video	P via video	P via video	P via video	P via video	P via video	P via video	P via video	P via video
Charles Kruzansky	P	P	P	P	P	A	P	A	P	P	A
Vita DeMarchi	P via video	P via video	P via video	P	P via video	P via video	P via video	P via video	P via video	P via video	A
Adam Zurofsky	A	P via video	P via video	P via video	A	P via video	P	P via video	P via video	P via video	P via video

Public Officers Law - Article 3 §30 (3)

When any member of a board, commission, committee or authority, holding office by appointment of the governor, fails to attend three consecutive regular meetings of such board, commission, committee or authority, unless such absence is for good cause and is excused by the chairman or other presiding officer thereof, or, in the case of such chairman or other presiding officer, by governor, the office may be deemed vacant for purposes of the nomination and appointment of a successor.

Attendance via video

Any attendance identified via video was via videoconference in compliance with the Open Meetings Law, the Corporation's By-Laws, and any other applicable legal requirements.

<sup>1</sup> James V. McDonald M.D., M.P.H., was appointed Acting Commissioner of Health January 1, 2023 and then Commissioner of Health on March 24, 2023. Said appointment was confirmed by the Senate on June 10, 2023.

<sup>2</sup> Roger Sokol retired in 2022. His last meeting as the Commissioner of Health's Designee was May 12, 2022.

<sup>3</sup> Acting Commissioner McDonald re-appointed Christine Westerman as the Commissioner of Health's Designee, subject to the EFC Board approval. The Board approved the appointment at the February 9, 2023 Board meeting.

<sup>4</sup> James Leary, Designee for the Secretary of State, was present (via video) but did not vote on matters requiring action by the Board as Secretary Rodriguez was in attendance.

**BY-LAWS OF THE  
NEW YORK STATE ENVIRONMENTAL FACILITIES CORPORATION**

**ARTICLE I**

**THE CORPORATION**

Section 1. The Corporation. The New York State Environmental Facilities Corporation (the "Corporation") is a body corporate and politic constituting a public benefit corporation, formerly known as the "New York State Pure Waters Authority", reconstituted and continued and having the powers, purposes and functions set forth in the New York State Environmental Facilities Corporation Act, as amended (the "Act"), constituting Title 12 of Article 5 of the Public Authorities Law of the State of New York.

Section 2. Seal of the Corporation. The Seal of the Corporation shall be circular in form and about the periphery thereof shall appear the words "NEW YORK STATE ENVIRONMENTAL FACILITIES CORPORATION". Such Seal of the Corporation may include such other insignia as may be approved by resolution of the Board of Directors of the Corporation (the "Board").

Section 3. Offices of the Corporation. The principal office and place of business of the Corporation shall be located in the County of Albany, State of New York. The Corporation may maintain such other offices at such other place or places within the State of New York as may be deemed necessary by the Board.

Section 4. Fiscal Year. The Fiscal Year of the Corporation shall begin on the first day of April in each year and end on the last day of March the following year.

**ARTICLE II**

**BOARD OF DIRECTORS**

Section 1. Board of Directors. The business and affairs of the Corporation shall be managed by the Board consisting of the Commissioner of Environmental Conservation, who shall be the Chair of the Board, the Commissioner of Health, the Secretary of State and four members appointed by the Governor as prescribed by applicable law. In the absence of the Chair from any meeting, the Directors of the Corporation (the "Directors") may elect a chair pro tem.

The Board shall execute direct oversight of the President of the Corporation and other officers and senior management of the Corporation in the effective and ethical management of the Corporation. Each Director shall understand, review and monitor the implementation of fundamental financial and management controls and operational decisions of the Corporation. No Director, including the Chair, shall serve as the President, Executive Vice



President or Chief Financial Officer while also serving as a Director.

Section 2. Chair. The Commissioner of Environmental Conservation is Chair of the Board. The Chair shall preside at all meetings of the Board. The Chair shall exercise powers and duties as prescribed by applicable law and as delegated to him or her by the Board.

Section 3. Compensation of Directors. Each Director is entitled to reimbursement for actual and necessary expenses incurred in the performance of his or her official duties and may receive such other compensation as prescribed by applicable law.

Section 4. Designees. The Commissioner of Environmental Conservation, the Secretary of State and the Commissioner of Health may, by official proxy filed with and approved by the Board, designate an officer in their respective Department to perform, in their absence, their respective duties to the Corporation.

### ARTICLE III

#### OFFICERS - EMPLOYEES - CONSULTANTS - INDEMNIFICATION

Section 1. Officers. The President is the chief executive officer of the Corporation, which office shall not be held by any other officer of the Corporation. The Board shall appoint, by resolution, the President, as prescribed by applicable law. In addition to the President, the officers of the Corporation shall be the Executive Vice President, Senior Vice President, Chief Financial Officer, Secretary and such other officers as may be deemed necessary by the President to transact the business and exercise the general and special powers and duties of the Corporation. With the exception of the President, all officers of the Corporation shall be appointed by the President subject to approval by resolution of the Board of Directors. All officers of the Corporation shall report to the President. Any two or more offices may be held by the same person, except the President, as chief executive officer, shall hold no other office.

Section 2. President. The President is to have executive supervision over, and be in administrative charge of the Corporation. The President shall perform all such duties subject to the direction of the Board. The President shall also be responsible for the execution of the policies and programs of the Corporation as established by the Board. The President may delegate any of his or her executive and administrative duties to any officer or employee of the Corporation, except where the Act or a resolution of the Board provides otherwise. Any such delegation shall be revocable at will by the President. The President shall be paid the salary prescribed by resolution of the Board for such position.

Section 3. Executive Vice President. The Executive Vice President shall perform such duties as are delegated to him or her by the President.

Section 4. Senior Vice President. The Senior Vice President shall perform such duties as are delegated to him or her by the President.

Section 5. Chief Financial Officer. The Chief Financial Officer, at the direction of the President, shall supervise and direct the activities of the Finance Division, give advice to the President regarding the financial and investment policies of the Corporation, supervise the Corporation's investment program, recommend and implement financial policies of the Corporation, participate in the preparation of the financial reports of the Corporation required by applicable law, and exercise such other powers and perform such other duties as the President may determine.

Section 6. Secretary. The Secretary shall prepare and certify the minutes of the meetings of the Board and shall cause them to be kept in one or more books provided for that purpose. The Secretary shall ensure that all notices are duly given in accordance with the provisions of these By-laws or as required by statute, be custodian and shall certify, when required, records, proceedings, documents or resolutions of the Board, attest and affix the seal of the Corporation to all contracts and instruments executed on behalf of the Corporation, keep a register of the contact information for each Director, which information shall be furnished to the Secretary by such Director, and in general perform all duties incident to the office of Secretary, and such other duties as from time to time may be assigned by the Chair, the Board or the President.

Section 7. Personnel. Subject to budgetary restriction, the President may from time to time appoint employees as he or she may deem necessary to exercise the powers, duties and functions of the Corporation as prescribed by applicable law. The selection, qualification, and compensation of such employees shall be determined by the President subject to applicable law. The President shall report in writing to the Board on the employment, qualification and compensation of all officers and employees of the Corporation.

Section 8. Controller. The Corporation shall have a Controller. The Controller, under the direction of the President and other designated senior management, shall be responsible for the care and custody of all funds of the Corporation, including, in consultation with the Chief Financial Officer, the placement of investments, and deposit all such funds in the name of the Corporation in such banks, trust companies or other depositories as shall be designated by the Board, receive and give receipts for monies due and payable to the Corporation from any source whatsoever, and shall perform such other duties as from time to time may be assigned by the President. The Controller shall also supervise the preparation of the financial reports of the Corporation required by applicable law, and prepare and deliver quarterly reports to the Board concerning the financial status of the Corporation.

Section 9. Consultants. Except for those persons or firms employed in furtherance of a project authorized by resolution of the Board as prescribed

by applicable law, or whose employment was delegated by the Board to a committee of the Board, counsel, auditors, engineers and other consultants may be retained on a contract basis or otherwise for rendering professional or technical services or advice by appointment of the President subject to specific or categorical approval by resolution of the Board.

Section 10. Removal of Officers of the Corporation. Officers of the Corporation shall be removed from office with or without cause by resolution of the Board. The action to remove an officer from office shall be taken by vote at a meeting, provided that fourteen (14) days' actual written notice of such proposed action is given to all Directors.

Section 11. Removal of Employees by the President. All employees shall hold employment at the pleasure of the President and may be removed either with or without cause, at any time, by the President.

Section 12. Indemnification of Directors, Officers and Employees. The Corporation shall indemnify and hold harmless all Directors, officers and employees of the Corporation to the full extent permitted by, and in the manner as State employees are indemnified in their official actions by, applicable law, as the same may exist at the time such person may become entitled to indemnification by the Corporation.

## **ARTICLE IV**

### **MEETINGS**

Section 1. Annual Meeting. The annual meeting of the Board shall be held in June of each year on a date and at a place and time designated by the Chair. The agenda for the annual meeting shall be transmitted to each Director at least seven (7) days prior to the scheduled annual meeting.

Section 2. Regular Meetings. Regular meetings of the Board may be held upon the request of the Chair or the President, but shall be held at least every other month at locations within New York State, in accordance with a schedule reviewed and established annually by the Board.

Section 3. Special Meetings. The Chair may, when he or she deems it expedient, call a special meeting of the Board. A majority of the Directors, when they deem it expedient, may request the Chair to call a special meeting of the Board and the Chair or, in his or her absence, the Secretary, thereupon, shall call for such a special meeting. The call for a special meeting, specifying the time and place of such meeting, shall be by telephone or delivered in person or mail to the business or home address of each Director, or otherwise by a means most likely to confer actual notice, at least two (2) days prior to the date of such special meeting. The agenda for the meeting and all proposals and resolutions must be delivered in writing. Special meetings must be limited to the purpose explicitly indicated in the notice; no other subject matter shall be covered.

Section 4. Adjournment of Meetings. A majority of Directors whether or not a quorum is present, may adjourn any meeting to another time and place. Notice of such adjourned time and place shall be given to each Director not present at such meeting or, if no announcement of such adjourned time and place was made at such meeting at least seven (7) days' notice of the newly scheduled meeting must be given to all Directors. No such adjournment shall be used to defeat a notice provision.

Section 5. Quorum. Four (4) or more Directors shall constitute a quorum for the transaction of any business or the exercise of any power of the Corporation. For the transaction of any business or the exercise of any power, the Corporation shall have power to act by a majority of the Directors present at any meeting at which a quorum is in attendance. Videoconferencing may be used for attendance and participation by the Directors, as prescribed by applicable law.

Section 6. Order of Business. At a regular meeting of the Board, the following agenda shall be the order of business.

1. Roll Call and Declaration of Quorum
2. Approval of the Minutes of the Previous Meeting
3. Report of the Chair
4. Report of the President
5. Committee Reports
6. Unfinished Business
7. Resolutions
8. New Business
9. Adjournment

Section 7. Agenda. The proposed agenda for a regular meeting shall be transmitted to each Director at least seven (7) days prior to the date of such meeting.

Section 8. Approval of the Minutes of the Previous Meeting. A draft copy of the minutes of the previous meeting shall be sent to each Director expeditiously after the meeting at which same were recorded but not later than seven (7) days prior to the next meeting.

Section 9. Resolutions to be Written in Plain Language. All resolutions presented for consideration by the Board shall be written in plain language and, upon a vote having been taken, shall be attached to a certified copy of the minutes of the meeting at which action on the resolution was taken. Proposed resolutions to be considered at a regular meeting shall be transmitted to each Director at least seven (7) days in advance of the meeting. Notwithstanding the foregoing, with the consent of a majority of the quorum, resolutions may be presented at any meeting of the Board but such resolutions must be reduced to writing and a summary thereof read aloud prior to a vote.

Section 10. Manner of Voting. The voting on all questions at meetings of the Board and the votes of each Director expressed as a yea, nay or abstention shall be recorded by the Secretary and entered upon the minutes of each meeting.

Section 11. Attendance and Failure to Object. Attendance of a Director at a meeting shall constitute waiver of notice of the meeting except where such attendance is for a special purpose.

## **ARTICLE V**

### **COMMITTEES**

Section 1. Committees. The Board or the Chair, subject to prior approval by the Board, may appoint committees from among its membership and a chairperson thereof to conduct studies or investigations as shall be determined to be in the interests of the Corporation and make recommendations to the Board. Each member of a committee shall serve until the next annual meeting of the Board and thereafter until his or her successor is appointed. One member of each committee shall be appointed chairperson. The committee chairperson shall be responsible for convening the committee, keeping records of transactions and reporting to the Board at each regular meeting of the Board. A majority of the members of a committee shall constitute a quorum, and the recommendation of a majority of the members present at a meeting at which a quorum is present shall be the recommendation of the committee and not that of the Board. Each committee may adopt rules for its own management. To the extent prescribed by applicable law, each committee shall be constituted and undertake the activities in the manner so prescribed.

Section 2. Audit Committee. The Board shall establish an Audit Committee. The Board or the Chair, subject to prior approval by the Board, shall designate the members and chairperson of the Audit Committee in the same manner as provided in Section 1 hereof. This Committee shall make recommendations concerning the management of all funds of the Corporation, its general accounting system, and shall render advice with regard to financial policies. The Audit Committee shall also recommend to the Board the hiring of certified independent accounting firm(s) for the Corporation, establish the compensation to be paid to the accounting firm and provide direct oversight of the performance of the independent audit performed by the accounting firm hired for such purposes. The Board shall retain an independent auditor in accordance with Article III, Section 8 of these By-laws and any other applicable law. Any report resulting from an audit of the Corporation shall be filed with this Committee and reported on by the Committee to the Board.

Section 3. Governance Committee. The Board shall establish a Governance Committee. The Board or the Chair, subject to prior approval by the Board, shall designate the members and chairperson of the Governance Committee in the same manner as provided in Section 1 hereof. This Committee shall keep

the Board informed of current best governance practices; review corporate governance trends; update the Corporation's corporate governance principles; and render advice on the skills and experiences required of potential board members. The Governance Committee shall also establish policies, including but not limited to the following: (a) policies regarding the payment of salary, compensation and reimbursements to, and establish rules for the time and attendance of, the President and other officers and senior management of the Corporation; (b) a code of ethics; (c) a defense and indemnification policy; (d) written policies and procedures on personnel including policies protecting employees from retaliation for disclosing information concerning acts of wrongdoing, misconduct, malfeasance, or other improper behavior by a Director, Officer or employee of the Corporation; and (e) written policies concerning investments, travel, the acquisition of real property, the disposition of real and personal property, and the procurement of goods and services. These policies shall be presented to and voted on by the Board.

Section 4. Finance Committee. The Board shall establish a Finance Committee. The Board or the Chair, subject to prior approval by the Board, shall designate the members and chairperson of the Finance Committee in the same manner as provided in Section 1 hereof. This Committee shall receive and consider staff recommendations and assist the Board in reviewing, approving or recommending to the full Board of Directors, as required, the issuance of bonds or notes by the Corporation, developing and regularly reviewing and updating as necessary, policies relating to the issuance of bonds or notes by the Corporation and form and delegate authority to any subcommittee(s) consisting of one or more members when appropriate. The Finance Committee shall also have the authority to the extent it deems necessary or appropriate to: (a) retain independent professional advisors with notice to the Board; and (b) consult with any appropriate commission or office relating to public authority finance or the Corporation's Directors, senior management or employees on issues related to its duties. The Finance Committee shall also develop for approval by the Board all reports as may be required to be submitted from time to time to any appropriate commission or office relating to debt issuance by public authorities.

Section 5. Compliance with Open Meetings Law. Any committee or subcommittee established by the Board shall be noticed and open to the general public in the same manner as provided for a regular meeting of the Board.

## **ARTICLE VI**

### **CORPORATE FINANCES**

Section 1. Corporation Finances. The funds of the Corporation will be deposited in such financial institutions as may be designated by the Board. All Corporation officers or employees involved in handling or disbursing such funds shall be required to furnish a bond guaranteeing the faithful performance of their duties. Such bonds shall be paid for by the Corporation

and in an amount set by the Board.

**ARTICLE VII**

**AMENDMENTS**

Section 1. Amendments. The By-laws may be amended by resolution duly adopted at any meeting, provided that written notice of intention to present such resolution shall be given at least fourteen (14) days in advance of the meeting at which the motion to adopt such resolution is made. Such notice shall have appended thereto the complete, written text of the By-laws being proposed. Approval of amended By-laws requires affirmative vote of a majority of the Directors present at a meeting at which a quorum is in attendance.

**ARTICLE VIII**

**SUSPENSION OF BY-LAWS**

Section 1. Suspension of By-laws. By affirmative vote of a majority of Directors present at a meeting at which a quorum is in attendance, the provisions of any or all of these By-laws, except as may be otherwise prescribed by applicable law, may be temporarily suspended.

Readopted this eleventh day of May 2023,  
in Albany County, State of New York with  
the official seal of the Corporation  
affixed hereto.

BY: \_\_\_\_\_/s/\_\_\_\_\_  
Kate Siobhan Howard  
Secretary to the Corporation

**Summary Results of Confidential Evaluation of Board Performance**  
(The below summary shows the number of votes per category)

	<b>Criteria</b>	<b>Agree</b>	<b>Somewhat Agree</b>	<b>Somewhat Disagree</b>	<b>Disagree</b>	<b>Comments</b>
1	Board members have a shared understanding of the mission and purpose of the Corporation.	6	1			
2	The policies, practices and decisions of the Board are consistent with this mission.	7				
3*	Board members comprehend their role and fiduciary responsibilities to the Corporation and hold themselves and each other to these principles.	4	2			
4	The Board has adopted policies, by-laws, and practices for the effective governance, management and operations of the Corporation and conducts a review of these annually.	7				
5	The Performance Goals and Measurements Report for the Corporation contribute to accomplishing its mission and are shared annually with the Board for their review.	5	1	1		
6	The decisions made by Board members are arrived at through independent judgment and deliberation, free of influence, pressure or self-interest.	6		1		
7	Executive Staff is available to individual Board members to provide information and status on important issues affecting the Corporation.	6	1			
8	Board members are knowledgeable about the Corporation's programs, financial statements, reporting requirements, and other transactions.	6		1		
9**	The Board reviews important documents and approves relevant documents and reports for public release and is confident that the information being presented is accurate and complete.	5		1		



10**	The Board is informed of the statutory obligations of the Corporation and adopts any changes necessary to ensure maximum compliance with state law.	5	1			
11**	Board and committee meetings facilitate open, deliberate and thorough discussion, and the active participation of members.	5		1		<b>Evaluation E</b> "Thorough preparation of very well-written pre-meeting materials coupled with expertly delivered staff presentations often reduces questions at meetings."
12**	Board members have sufficient opportunity to discuss, question and prepare before decisions are made and votes taken.	5		1		<b>Evaluation E</b> "Pre-meeting materials are extensive, and staff are very responsive to inquiries by individual Board members between meetings"
13**	Individual Board members understand their authority to delay votes, defer agenda items, or table actions if they feel additional information or discussion is required.	5		1		
14**	The Board exercises appropriate oversight of the CEO and other executive staff in relation to the operation and administration of the programs of the Corporation.	4	1	1		
15**	The Board is informed of the areas that are identified as potentially presenting the most risk to the Authority and the risk mitigation strategies that management recommends implementing before problems occur.	4	1	1		
16**	Board members demonstrate leadership and vision and work respectfully with each other.	5		1		
<u>General Comment(s) received:</u>						

Date Completed: May 3, 2023

Each individual evaluation was randomly assigned a letter (A-G). The comments section specifies the evaluation that contained the comment by letter.

\* **Evaluation E** contained no response to question 3.

\*\***Evaluation F** contained no responses to questions 9-16.

## **Executive Staff**

**Maureen A. Coleman, Esq.** was appointed President and Chief Executive Officer on October 14, 2021. She was appointed General Counsel of EFC in May 2015, served as Acting President and Chief Executive Officer of EFC from September 10, 2019 to January 13, 2021, and was named Senior Vice President and General Counsel in February 2021. She was appointed as Executive Director of the New York State Bridge Authority on July 15, 2021. Prior to joining the Corporation, she served as Assistant Counsel to the Governor, where she advised the Governor and policy staff on legal matters related to the environment, energy, and agriculture. Prior to this role, she was employed for 13 years with the Department of Environmental Conservation, where she served as legislative counsel in the Department's Office of Legislative Affairs and then as Bureau Chief of Water and Natural Resources for the Department's Office of General Counsel.

Prior to joining state service, Ms. Coleman served as Vice President, Law & Regulation at J. & W. Seligman & Co. Incorporated, a privately owned investment manager in New York City. She has a B.A. from College of Saint Rose and a J.D. from Brooklyn Law School.

**Michael P. Hale, Esq.** was appointed Executive Vice President of EFC on November 8, 2021. Prior to this appointment he served in various roles as an attorney in EFC's Legal Division since 2002. In that capacity he worked on several programs for the Corporation including the New York City Watershed Upgrade Program, served as closing Counsel to the Catskill Watershed Corporation, and was lead EFC attorney for Corporate Governance initiatives. Since 2005, Michael has served as lead and staff counsel for EFC's Clean and Drinking Water State Revolving Funds financing programs. In that role, he has closed on financings for municipalities and public authorities throughout New York State totaling over \$10 billion. Michael has also led efforts to modernize EFC's financial delivery models. He holds a B.A. from Syracuse University and J.D. from Albany Law School.

**Henrik N. Westin, Esq.** was appointed General Counsel of EFC on February 17, 2022. Prior to joining EFC, he served as an Assistant Counsel in the Office of the State Comptroller's (OSC) Division of Legal Services. In that capacity, he advised on debt management functions, including the issuance of State general obligation bonds and debt issued by the New York Local Government Assistance Corporation. He also supported OSC on legal issues relating to local government finances and state and local public authorities. He developed and conducted Continuing Legal Education trainings on federal securities laws pertaining to public finance, and debt issuance in New York State. Prior to attending law school, Henrik was an analyst in the asset based structured finance group in the New York City office of Société Générale Group. Henrik served in an artillery battalion in the Swedish armed forces. He holds a B.A. from Skidmore College, M.P.A. from Rockefeller College of Public Affairs & Policy at the University of Albany, and a J.D. from Albany Law School.

**Information on Staff In Decision Making or Managerial Positions with Salaries Greater than \$100,000 as of March 31, 2023**

**Tracy A. Aery** is the Director of Human Resources in the Administration and Corporate Operations Division. Ms. Aery was appointed on April 30, 1998.

**William A. Brizzell** is the Director of the Engineering Division. Mr. Brizzell was appointed on June 2, 1997.

**George N. Cholakis** is a Senior Counsel in the Legal Division. Mr. Cholakis was appointed on October 15, 2015.

**Christopher J. Czub** is the Senior Accounting Manager in the Finance and Accounting Division. Mr. Czub was appointed on December 20, 1999.

**Dorian DiCocco** is an Environmental Engineer II in the Engineering Division. Mr. DiCocco was appointed on November 4, 2021.

**Kimberly L. Doherty** is the Debt Service Manager in the Finance and Accounting Division. Ms. Doherty was appointed on November 6, 2003.

**Michael P. Fisher** is the Senior Manager of Information Technology in the Administration and Corporate Operations Division. Mr. Fisher was appointed on February 12, 2001.

**Joanna P. Gleason** is an Associate Counsel in the Legal Division. Ms. Gleason was appointed on February 3, 2022.

**Philip K. Grommet** is an Associate Counsel in the Legal Division. Mr. Grommet was appointed on September 19, 2019.

**Brian S. Hahn** is a Project Manager in the Engineering Division. Mr. Hahn was appointed on November 2, 2006.

**Gregory E. Holden** is an Application Developer II in the Administration and Corporate Operations Division. Mr. Holden was appointed on January 6, 2003.

**Robert Hom** is the Senior Manager of Investments in the Finance and Accounting Division. Mr. Hom was appointed on February 11, 2019.

**Kate S. Howard** is the Secretary to the Corporation and Associate Counsel in the Legal Division. Ms. Howard was appointed on August 29, 2019.

**Rebecca L. Lanahan** is an Environmental Engineer II in the Engineering Division. Ms. Lanahan was appointed on July 25, 2016.

**Brian D. McClintock** is the Director of Public Finance in the Finance and Accounting Division. Mr. McClintock was appointed on August 8, 1994.

**Brendan M. McClune** is the Director of Program & Policy Development in the Executive Division. Mr. McClune was appointed on June 9, 2022.

**Sean R. McDermott** is an Associate Counsel in the Legal Division. Mr. McDermott was appointed on April 11, 2022.

**Brian P. McEvoy** is the Director of Equity Finance in the Finance and Accounting Division. Mr. McEvoy was appointed on February 23, 1998.

**Maureen L. McGrath** is the Director of the Administration and Corporate Operations Division. Ms. McGrath was appointed on December 6, 2001.

**Brian W. McGuire** is the Senior Manager of Procurement and Program Compliance in the Administration and Corporate Operations Division. Mr. McGuire was appointed on May 11, 1998.

**Adnan Mirza** is the Systems Administrator in the Administration and Corporate Operations Division. Mr. Mirza was appointed on May 9, 2022.

**Harry Nelson** is an Environmental Engineer III in the Engineering Division. Mr. Nelson was appointed on April 6, 1998.

**Kaitlin J. Penner** is the Deputy Director of the Engineering Division. Ms. Penner was appointed on May 28, 2020.

**Bernadette Picarazzi-Futia** is an Information Technology Coordinator III in the Administration and Corporate Operations Division. Ms. Picarazzi-Futia was appointed on October 15, 2001.

**Elizabeth U. Ricci** is an Environmental Engineer III in the Engineering Division. Ms. Ricci was appointed on May 27, 2014.

**Michael R. Roizman** is the Systems Administrator in the Administration and Corporate Operations Division. Mr. Roizman was appointed on November 15, 1994.

**Karen D. Rusin** is an Environmental Engineer III in the Engineering Division. Ms. Rusin was appointed on June 28, 2012.

**Albert B. Schnide** is the Controller in the Finance and Accounting Division. Mr. Schnide was appointed on February 28, 2019.

**Derek D. Sellman** is the Deputy General Counsel in the Legal Division. Mr. Sellman was appointed on October 23, 2017.

**John A. Spath** is a Senior Counsel in the Legal Division. Mr. Spath was appointed on September 13, 2021.

**Jennifer L. Sunkes** is a Senior Equity Finance Manager in the Finance and Accounting Division. Ms. Sunkes was appointed on August 3, 1998.

**Rebecca Walker** is a Senior Equity Finance Manager in the Finance and Accounting Division. Ms. Walker was appointed on January 31, 2018.

**Steven E. Weingold** is an Application Developer II in the Administration and Corporate Operations Division. Mr. Weingold was appointed on November 16, 2006.

**New York State Environmental Facilities Corporation****List of Employees in Decision Making or Managerial Positions with Salaries Greater than \$100,000 as of 3/31/23**

<b><u>Name</u></b>	<b><u>Title</u></b>	<b><u>Grade Level</u></b>	<b><u>Salary</u></b>
Maureen A. Coleman	President and CEO	Non-equated	\$202,002
Michael P. Hale	Executive Vice President	M-7	\$187,272
George N. Cholakis	Senior Counsel	M-6	\$173,431
Henrik N. Westin	General Counsel	M-6	\$171,666
Maureen L. McGrath	Director of Administration & Corp. Ops.	M-6	\$164,464
William A. Brizzell	Director of Engineering	M-6	\$159,503
Derek D. Sellman	Deputy General Counsel	M-5	\$156,060
Brian D. McClintock	Director of Public Finance	M-4	\$149,085
Brian P. McEvoy	Director of Equity Finance	M-4	\$148,615
Albert Schnide	Controller	M-4	\$134,661
Tracy A. Aery	Human Resources Director	M-4	\$134,263
Michael R. Roizman	Systems Administrator	M-3	\$133,319
Kaitlin J. Penner	Deputy Director of Engineering	M-4	\$129,168
Brian W. McGuire	Senior Manager, Procurement & Prog. Compliance	M-3	\$125,563
Michael P. Fisher	Senior Manager, Information Technology	M-3	\$124,848
Gregory E. Holden	Application Developer II	M-2	\$124,776
Elizabeth U. Ricci	Environmental Engineer III	M-2	\$123,621
Brendan M. McClune	Director of Program and Policy Development	M-3	\$122,400
John A. Spath	Senior Counsel	M-4	\$121,323
Robert Hom	Senior Manager, Investments	M-3	\$120,995
Karen D. Rusin	Environmental Engineer III	M-2	\$120,156
Harry Nelson	Environmental Engineer III	M-2	\$118,606
Kate S. Howard	Secretary to the Corporation/Associate Counsel	M-3	\$116,733
Rebecca Walker	Senior Equity Finance Manager	M-2	\$116,047
Christopher J. Czub	Senior Accounting Manager	M-2	\$115,000
Philip K. Grommet	Associate Counsel	M-3	\$114,371
Jennifer L. Sunkes	Senior Equity Finance Manager	M-2	\$113,451
Steven E. Weingold	Application Developer II	M-2	\$112,525
Kimberly L. Doherty	Debt Service Manager	M-1	\$111,466
Dorian DiCocco	Environmental Engineer II	M-1	\$108,342
Brian S. Hahn	Project Manager	M-1	\$108,115
Sean R. McDermott	Associate Counsel	M-3	\$107,100
Joanna P. Gleason	Associate Counsel	M-2	\$105,500
Rebecca L. Lanahan	Environmental Engineer II	M-1	\$103,138
Bernadette Picarazzi-Futia	Information Technology Coordinator III	MC-23	\$102,074
Adnan Mirza	Systems Administrator	M-1	\$102,000

## **Authority Mission Statement and Performance Measurements**

### **Name of Public Authority:**

New York State Environmental Facilities Corporation

### **Public Authority's Mission Statement:**

The mission of the Environmental Facilities Corporation is to assist communities throughout New York State to undertake critical water quality infrastructure projects by providing access to low-cost capital, grants, and expert technical assistance. A primary goal is to ensure that these projects remain affordable while safeguarding essential water resources. We support this mission by consistently using an innovative approach to developing and advancing new financing strategies to maximize the funding that can be made available to our clients, aiding compliance with Federal and State requirements, and promoting green infrastructure practices.

**Adopted:** April 15, 2010

**Mission Statement Last Revised:** June 27, 2019

### **List of Performance Goals:**

1. Implement creative financial solutions for recipients with diverse demographic profiles to address water quality and public health needs.
2. Deliver distinctive value through technical and programmatic expertise in various aspects of all financed projects.
3. Engage communities to maximize use of EFC funding to protect the environment and public health.
4. Provide funding assistance to improve water quality and mitigate the effects of climate change through green infrastructure, energy efficiency, water efficiency and environmental innovation.
5. Enhance organizational resiliency by embedding strong internal processes and quality review in our corporate strategies.

### **Additional Questions**

- 1. Have the board members acknowledged that they have read and understood the mission of the public authority?**

Yes

- 2. Who has the power to appoint the management of the public authority?**

The President and Chief Executive Officer is appointed by the Board of Directors. All Officers of the Corporation are appointed by the President subject to approval by resolution of the Board of Directors. All other staff are appointed by the President and Chief Executive Officer.

- 3. If the Board appoints management, do you have a policy you follow when appointing the management of the public authority?**

The Board of Directors does not appoint the management of EFC.

- 4. Briefly describe the role of the Board and the role of management in the implementation of the mission.**

The business and affairs of the Corporation are managed by the Board of Directors. The Board is responsible for direct oversight of the President and CEO and other officers and senior management of the Corporation in the effective and ethical management of the Corporation. Each director is responsible for understanding, reviewing and monitoring the implementation of fundamental financial and management controls and operational decisions of the Corporation. Management of the Corporation is responsible for the execution of the programs and policies as established by the Board of Directors.

- 5. Has the Board acknowledged that they have read and understood the responses to each of these questions?**

Yes



**Performance Measurements Report**  
**April 1, 2022 - March 31, 2023**

**1. Implement creative financial solutions for recipients with diverse demographic profiles to address water quality and public health needs.**

Consideration of Environmental Justices Areas / Disadvantaged Communities

In the FFY 2021-22 Clean Water and Drinking Water Intended Use Plans, the Hardship Policies were updated to make interest-free financing more widely available. Municipalities that would otherwise not be eligible for hardship financing may be eligible if their project serves, protects, or benefits a Potential Environmental Justice Area (PEJA). Three communities pursued this option in FFY 2022-23. Only one of the applicants was determined to be eligible, because they provided a 50% benefit to the PEJA area. Increased federal funding is expected to raise interest in this program because more grant funding is available.

Since enactment of the Infrastructure Investment and Jobs Act of 2021, also known as the Bipartisan Infrastructure Law (BIL), EPA is encouraging state SRF programs to evaluate their definitions of affordability (CWSRF) and disadvantaged community (DWSRF) to ensure that SRF programs are reaching the communities that most need funding. Any changes will also help ensure that the SRFs are meeting the requirements of the federal Justice40 initiative, which, like the State's Climate Leadership and Community Protection Act (CLCPA), has the goal of delivering at least 40% of the overall benefits from certain federal investments (including the SRFs) to disadvantaged communities.

In November 2022, EFC awarded \$158 million in Water Infrastructure Improvement (WIIA) and Intermunicipal Water Infrastructure Act (IMG) grant funding to 36 projects benefitting PEJAs, which equaled 56.6% of the total funding provided, and 49.3% of the projects awarded. All 8 Green Innovation Grant Program (GIGP) grants awarded in 2022 were awarded to projects in PEJA communities.

Updated Hardship Policy

During 2022, EFC revised the CWSRF Hardship Policy and affordability criteria to focus BIL interest-free financing and grant to those that need it the most. EFC continues to review its policy and definition of affordability, taking into consideration federal actions and the recent adoption of a final definition of disadvantaged community for purposes of the CLCPA.

The revisions to the Hardship Policy also allow small, rural, and disadvantaged communities to receive higher BIL and WIIA/IMG grants. CW WIIA/IMG grants are no

longer net of other EFC grants, so certain communities may receive up to 75% grant on their water quality project.

### Consideration of Impact to Ratepayers

During this period, EFC has evaluated how it may assist communities whose demographics on their face do not evidence a need for hardship funding; however, available census data may not accurately reflect the true demographics, or the project cost is spread across a small number of ratepayers. Going forward, EFC will collect information regarding user costs and the impact of EFC-funded projects on user costs. This information may be used to adjust the eligibility criteria for hardship and grant in the future, especially for systems with a low number of ratepayers.

## **2. Deliver distinctive value through technical and programmatic expertise in various aspects of all financed projects.**

### \$150 million State Commitment to the City of Mount Vernon

Since the April 15, 2022 announcement that the State will direct \$150 million to the City of Mount Vernon to replace aging water and sewer infrastructure, EFC has been dedicating significant financial, technical, and legal resources to support the City and ensure they have the technical and financial assistance they need to expedite critical projects to protect the environment, public health, and residents' quality of life. EFC committed \$2 million in administrative funds to support managerial, engineering, and staff capacity. In total, EFC has executed 5 contracts totaling \$16 million related to this initiative and has disbursed \$2,115,495.63 to the City.

### EFC Bond Issuance

EFC closed two series of bonds in SFY 2022-23, Series 2022 A was closed in April 2022. This transaction on behalf of the New York City Municipal Water Finance Authority (NYCMWFA) refunded EFC's Series 2012 A and 2012 D with a True Interest Cost of 3.23% and provided a savings of \$11.5 million to the Authority.

In addition, EFC closed on Series 2022 B in December 2022. This pooled transaction included financing for 32 municipalities, including the City of New York and had a True Interest Cost of 4.48%

During SFY 2022-23, EFC maintained the AAA/Aaa credit ratings for the 2010 Master Financing Indenture and the senior and subordinate NYCMWFA Indentures.

### **3. Engage communities to maximize use of EFC funding to protect the environment and public health.**

#### State Water Grants

EFC awarded two rounds of state water grants in State Fiscal Year (SFY) 2022-23.

On April 19, 2022, EFC awarded \$634 million in WIIA, Emerging Contaminant (EC), IMG grants, and CWSRF grant to support 198 projects. More than \$220 million was awarded to projects to improve drinking water systems and an additional \$206 million to projects that included enhanced treatment systems for addressing emerging contaminants. More than \$140 million was awarded for wastewater projects to improve water quality and reduce potential risks to public health and the environment. \$37 million was awarded to wastewater projects in the form of CWSRF grant.

On November 4, 2022, EFC awarded \$279.3 million in WIIA, EC, and IMG grants to support 73 projects totaling nearly \$1 billion in project costs. \$124.9 million was awarded to drinking water projects and an additional \$31.9 million was awarded to projects to treat emerging contaminants. \$122.5 million was awarded for wastewater improvement projects.

Since the inception of a state water grant program in 2015, EFC has awarded 879 grants to 521 communities for drinking or clean water infrastructure projects. These grants have saved recipients over \$4.6 billion dollars in potential financing costs associated with water and wastewater projects.

#### Engineering Planning Grant (EPG) Program

In May 2022, \$3 million was made available for another round of the EPG Program. 70 complete applications were received through July 29, 2022, the application deadline. On November 4, 2022, EFC awarded \$3,085,000 to support all 70 projects with complete applications.

Since the inception of the EPG Program in 2012, EFC has disbursed \$16.3 million to fund 564 EPG Program projects, which has led to over \$888 million in Clean Water State Revolving Fund financings for clean water infrastructure projects.

#### Clean Water State Revolving Fund (CWSRF)

In Federal Fiscal Year (FFY) 2022 EFC closed \$2.1 billion in CWSRF financial assistance agreements for 120 clean water infrastructure projects

Since inception of the program in 1987, the CWSRF has provided over \$35 billion in financial assistance to over 600 recipients for clean water infrastructure projects that protect and improve water quality and public health throughout the State.

As of March 31, 2022, the total net position of the CWSRF was \$5.9 billion.

### Implementation of Bipartisan Infrastructure Law

With the passage BIL, EFC was tasked with developing extensive program criteria and policies to implement this significant new federal funding. EFC timely developed relevant criteria and new project priority lists and submitted the Capitalization Grant applications to the Environmental Protection Agency (EPA) for the BIL CWSRF General Supplemental and BIL CWSRF Emerging Contaminants funding and the applications were accepted by EPA. EFC staff worked diligently to compile the new project priority lists and amend the FFY 2022 Intended Use Plan to receive the Capitalization Grant Awards by September 30, 2022. This ensured that New York will be eligible to receive any funds from reallocation of CWSRF dollars that are not timely committed by other states.

### Drinking Water State Revolving Fund (DWSRF)

In FFY 2022, the EFC closed \$502 million in financial assistance agreements for 117 drinking water projects, including \$10.3 million in DWSRF grants to 8 disadvantaged communities.

Since inception of the DWSRF program in 1996, the DWSRF has provided \$8.4 billion in financial assistance to public water systems throughout the State, including \$401 million in DWSRF grants, to over 500 recipients.

As of March 31, 2022, the total net position of the DWSRF was \$1.4 billion.

### Program Outreach / Technical Assistance

BIL provides that 2% of the Capitalization Grant can be used for Technical Assistance. EPA has encouraged states to use these funds for robust technical assistance programs. EFC expanded its community and public outreach efforts during SFY 2022-23. EFC staff, along with Department of Health (DOH) and other partner agencies, provided over 30 presentations, both in-person and virtual, to communities across the State. These presentations provided information about EFC's funding programs, program requirements, and ways for communities to access financial assistance related to their water infrastructure projects. EFC proactively searches for potential venues and events where EFC may participate to reach as diverse and large an audience as possible.

In February 2023, the Governor announced EFC's Community Assistance Team (CAT) initiative. This initiative works with small, rural, and disadvantaged communities to help them access water infrastructure funding. Coordinating with DOH and partner agencies including the Departments of Environmental Conservation (DEC), State, and Homes and Community Renewal, and Regional Economic Development Councils, EFC has and

will continue to increase the accessibility of available funding by holding community assistance events, providing direct one-on-one consultations, and offering ongoing support to municipalities.

To date, EFC has received 70 requests for meetings from individual communities across the State. EFC and DOH staff have been working with these municipalities to identify and address immediate needs and provide guidance on how to access future funding opportunities. EFC hired one full-time employee dedicated solely to the CAT initiative. This CAT coordinator has reached out to over 60 municipalities (populations under 10,000) with State Pollutant Discharge Elimination System (SPDES) permits who have never used EFC funding or have not used EFC funding in the last five years to discuss project needs and identify potential funding opportunities. EFC, DOH, and our partner agencies are currently planning regional events throughout the State to provide an overview of the various programs available at both the federal and State level.

#### Clean Water, Clean Air and Green Jobs Environmental Bond Act

On November 4, 2022, New York voters approved the \$4.2 billion Clean Water, Clean Air and Green Jobs Environmental Bond Act of 2022 (Environmental Bond Act). On April 17, 2023, the Governor announced a statewide educational listening tour that will offer the public, municipalities, and other potential applicants to learn how they can leverage Environmental Bond Act funds to protect the environment and public health. EFC staff will be present at each event to engage with stakeholders about Environmental Bond Act funds, other funding available through EFC, and the services EFC offers through its Community Assistance Teams. EFC may also leverage the listening tour attendance lists to communicate directly with stakeholders about funding opportunities and other pertinent announcements.

#### **4. Provide funding assistance to improve water quality and mitigate the effects of climate change through green infrastructure, energy efficiency, water efficiency and environmental innovation.**

##### Green Innovation Grant Program (GIGP)

GIGP encourages communities to undertake green infrastructure, energy efficiency, water efficiency, and environmentally innovative projects. The installation of water meters has been shown to reduce water use by residents. This reduction in water use results in lower operation and maintenance costs for drinking water systems. The same is true for wastewater systems, as the reduction in flow to a wastewater treatment plant reduces the cost of operating the facility.

In May 2022, up to \$15 million was made available for another round of the GIGP Program. EFC received 79 eligible GIGP applications for over \$112 million in total project costs. On November 4, 2022, EFC awarded \$15.8 million to 8 projects.

Since the inception of the GIGP in 2009, EFC has disbursed over \$150.5 million to fund 207 green infrastructure projects. Six projects were closed out during this reporting period.

### Asset Management Program

During SFY 2022-23, EFC continued to work with DEC's Division of Water to implement the Asset Management Program for wastewater infrastructure.

In 2022, EFC issued a Request for Proposal, and 10 engineering firms were selected to work with 27 volunteer communities under the direction of the lead engineering firm previously selected. The 10 engineering consultants will develop asset management plans for these communities of varied sizes using the State's Asset Management Guide that includes recommended procedures and best practices to evaluate the resiliency of wastewater infrastructure assets to storm events and measures for resilience assessment to protect critical assets. It is expected that the engineering consultants in the Program will learn a consistent approach to asset management plan development that can be applied for municipalities across the State.

## **5. Enhance organizational resiliency by embedding strong internal processes and quality review in our corporate strategies.**

### Succession Planning/Employee Retention

In SFY 2022-23, EFC undertook a comprehensive review of staffing levels and evaluation of anticipated employee loss in the next five years due to retirements and other factors. EFC has 13 more employees than it did last year, and staff has been added to all divisions. These additions were made to address anticipated increased workload due to implementation of BIL and the Environmental Bond Act, as well as to begin to build a staff that can move into roles likely to be vacated over the next five years.

Additionally, during the SFY, EFC took several steps to retain existing employees. In the third quarter, a culture survey was undertaken to understand how employees feel about EFC and its leadership, EFC's mission, the work environment, and their place in the corporation. The results were compiled and in January 2023, an all-staff meeting was held to discuss the results of the survey and address any concerns and commit to certain actions.

In February, the President and Executive Vice President met with each Division individually to discuss the all-staff meeting in a smaller setting, discuss changes that would/or had already been implemented in response to the culture survey, and to have an open discussion on any topics staff wanted to discuss. Meetings will continue quarterly.

Finally, the Manager of Diversity, Inclusion and Employee Development has been conducting stay interviews to get feedback from staff while they are still employed rather than waiting for an exit interview when the employee is already committed to leaving.

### Site Visits/Document Collection

EFC uses its site visit and document collection program to ensure that recipients are meeting CWSRF program requirements. Construction-related documents must be provided to EFC and a site visit conducted prior to closing a long-term financing.

During the SFY, EFC requested construction-related documents for 68 projects and conducted 83 site visits.

From a broader standpoint, EFC staff from all divisions have been encouraged to attend site visits periodically. EFC leadership has determined that these visits foster a greater understanding of the impact of EFC's work on the communities we serve and broadens the knowledge of our staff.

### Internal Controls

EFC annually assesses the effectiveness of its internal control structure and procedures. EFC has measured, and periodically remeasures, the level of risk associated with each of its functions. The highest risk functions are reviewed annually, while all functions are reviewed at least every three years. EFC reviews and tests the internal controls associated with functions to ensure the controls mitigate risk to a level at or below EFC's risk tolerance. When exceptions are identified, corrective action plans are developed to sufficiently mitigate the risk.

### Information Technology (IT) Improvements

Two additional application developers and two system administrators have been hired to ensure EFC has a robust financial system and project tracking system, and that users and EFC's network are supported efficiently. Updates continue to be made to modernize systems and databases.

EFC now uses Endpoint Security Services (ESS) offered by the Center for Internet Security (CIS). The software is monitored 24 x7 x 365 by the CIS Security Operations Center. EFC now uses Rubrik as our secure backup and recovery software solution. Rubrik analyzes backup data for unusual behavior and changes caused by a ransomware attack. Rubrik Threat Containment isolates the infected snapshots to reduce the risk of reintroducing the malware into the environment during a recovery operation. EFC reviews the ransomware anomaly report daily. EFC recently completed a three-phase phishing assessment for all staff, provided by the NYS Division of Homeland Security and Emergency Services. The assessment consisted of two

phishing campaigns and a five-module training course for each staff member. This exercise will be conducted annually going forward.

EFC now uses NetWrix Auditor software to provide a consolidated audit trail across our IT systems, including Active Directory & Windows Server. EFC Developers stood up four new applications on the Microsoft Blazor framework to include ARMS, Corp. Contracts, PLUS, & CVAP. This is an important first step in replacing legacy PowerBuilder applications with a modern web framework.



## Internal Control Certification

**Authority Name:** New York State Environmental Facilities Corporation

**President and Chief Executive Officer:** Maureen A. Coleman

**Authority Address:** 625 Broadway, Albany, NY 12207-2997

**Telephone Number:** (518) 402-6924

**Name of Internal Control Officer:** Brendan McClune

**Email of Internal Control Officer:** [Brendan.McClune@efc.ny.gov](mailto:Brendan.McClune@efc.ny.gov)

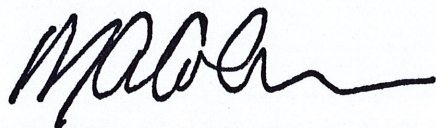
**Telephone Number:** (518) 402-6924

**Form Completed by:** Brendan McClune

With the New York State Governmental Accountability, Audit and Internal Control Act, I hereby certify the authority is:

- Full Compliant (Full compliance with all provisions)
- Partially Compliant (Partial compliance with some provisions)
- Not Compliant (Noncompliance with all provisions)

This certification is supported with detailed justification of actions the New York State Environmental Facilities Corporation has taken to comply with the New York State Governmental Accountability, Audit and Internal Control Act.



Signature of President and Chief Executive Officer

6/29/23  
Date

# Internal Control Certification

## Detailed Justification

In 1987, the Legislature enacted a law entitled New York State Governmental Accountability, Audit and Internal Control Act of 1987 (“Internal Control Act”). The Internal Control Act highlighted the need for management to promote good internal controls and accountability in government. The Legislature, recognizing the importance of internal control, updated and made the Internal Control Act permanent effective January 1, 1999 in Chapter 510 of the Laws of 1999. The internal control responsibilities of public authorities are codified in Article 9, Title 8 of the Public Authorities Law. This Internal Control Certification demonstrates the Environmental Facilities Corporation’s (“EFC” or “Corporation”) compliance with the Internal Control Act.

<b>Agency Name:</b> Environmental Facilities Corporation
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- 1. Establish and maintain guidelines for a system of internal control that are in accordance with Article 9 of the Public Authorities Law and internal control standards.**

**For this requirement, the Corporation is:**

- Fully Compliant**       **Partially Compliant**       **Not Compliant**

<p>The Corporation has established and maintains guidelines for an effective system of internal controls.</p>
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| <ol style="list-style-type: none"><li>1. The President and Chief Executive Officer clearly communicates to all employees her support of internal controls. Executive Staff ensure all employees understand the Corporation’s mission and primary objectives, and the employees’ roles in achieving the mission and objectives. Executive Staff have made it a priority to ensure staff connect with the Corporation’s mission and adhere to the internal controls that provide reasonable assurance that the Corporation will achieve its objectives.</li><li>2. An annual email from the Internal Control Officer to Senior and Executive Staff defines the responsibilities of Senior and Executive Staff regarding internal controls. In addition, Senior and/or Executive Staff must certify annually that their division complies with Article 9, Title 8, § 2931 (2) of the Public Authorities Law.</li></ol> |
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3. The Corporation created a SharePoint site solely dedicated to internal controls. The site includes a document that outlines the Corporation's process for evaluating internal controls and the Internal Control Officer shares the document with Executive and Senior Staff annually via email.

The site also includes guidance to complete risk assessments, internal control reviews, and corrective action plans; historical risk assessments, internal control reviews, and corrective action plans; and a spreadsheet listing the Corporation's functions by division.

4. All new employees are required to take the Governor's Office of Employee Relations' mandatory internal controls training within 90 days after their start date. EFC requires all employees to take the internal controls training every calendar year to refresh them on internal control concepts and reinforce the importance of internal controls.

- 2. Establish and maintain a system of internal control and a program of internal control review. The program of internal review shall be designed to identify internal control weaknesses, identify actions that are needed to correct these weaknesses, monitor the implementation of necessary corrective actions and periodically assess the adequacy of the authority's ongoing internal controls.**

**For this requirement, the Corporation is:**

**Fully Compliant**     **Partially Compliant**     **Not Compliant**

EFC has established and maintains internal controls that provide reasonable assurance regarding the accomplishment of its objectives. EFC has also established a program of internal control review to ensure its internal controls are designed properly and operating effectively. The internal control review process requires division staff to:

1. Document all functions and their objectives.

EFC maintains a spreadsheet on its internal controls SharePoint site that lists all functions, identifies the risk level, documents the schedule for review, and identifies whether a corrective action plan must be developed or exists for the function.

2. Perform vulnerability assessments (risk assessments) on all new functions and any existing functions that warrant a fresh assessment.

3. Perform internal control reviews to determine if control activities are designed properly and operating effectively. The review involves testing compliance through observation, interviews, and/or examination a sample of transactions. Senior Staff and/or Executive Staff are responsible for reviewing all tests to verify the results.
4. Develop corrective action plans to remediate any material internal control weaknesses.

All corrective action plans are stored in a folder on the SharePoint site and all Senior and Executive Staff have access to it. Corrective action plans must identify the responsible individual, define the problem, identify the root cause, and record the actions to be taken to remedy the problem, including target completion dates for each action. The Internal Control Officer monitors all corrective action plans and follows up with the responsible individuals near the estimated completion dates to assess progress.

Upon completing all required vulnerability assessments, internal control reviews, and corrective action plans, Senior and/or Executive Staff attest to complying with Article 9, Title 8, § 2931 (2) of the Public Authorities Law.

- 3. Make available to each member, officer, and employee a clear and concise statement of the generally applicable managerial policies and standards with which they are expected to comply. Such statement shall emphasize the importance of effective internal control to the authority and the responsibility of each member, officer, and employee for effective internal control.**

**For this requirement, the Corporation is:**

**Fully Compliant**     **Partially Compliant**     **Not Compliant**

As a NYS public benefit corporation, EFC is subject to the guidance provided by the Authorities Budget Office, who is authorized to oversee the operations of public authorities pursuant to Chapter 506 of the Laws of 2009 ("The 2009 Public Authorities Reform Act"). As such, EFC has issued many policies and procedures applicable to EFC staff, including but not limited to EFC's Code of Ethical Conduct, Conflict of Interest, Policies and Procedures on Procurement Lobbying, Equal Employment Opportunity, Whistleblower Protection, Sexual Harassment, and Workplace Violence Prevention.

Each year, the fundamental policies of the Corporation are reviewed and approved by the Board of Directors. These policies outline the duties and responsibilities of all staff, management, officers, and members of the Board of Directors. In addition, every position in the Corporation has a position description and classification specification that outlines the duties, responsibilities, and qualifications. All employees of EFC have access to all policies, procedures, manuals, and guidance documents via EFC's intranet site.

**4. Designate an internal control officer, who shall report to the head of the authority, to implement and review the internal control responsibilities established pursuant to Public Authorities Law § 2931.**

**For this requirement, the Corporation is:**

**Fully Compliant**       **Partially Compliant**       **Not Compliant**

EFC's designated Internal Control Officer is the Director of Program and Policy Development. The Director reports to the Executive Vice President, who reports directly to the President and Chief Executive Officer.

**5. Implement education and training efforts to ensure that members, officers, and employees have achieved adequate awareness and understanding of internal control standards and, as appropriate, evaluation techniques.**

**For this requirement, the Corporation is:**

**Fully Compliant**       **Partially Compliant**       **Not Compliant**

All new employees are required to take the Governor's Office of Employee Relations' mandatory internal controls training within 90 days after their start date. EFC requires all employees to take the internal controls training every calendar year to refresh them on internal control concepts and reinforce the importance of internal controls.

Annually, EFC's Internal Control Officer provides guidance to staff responsible for completing risk assessments, internal control reviews, and corrective action plans. Staff executing these tasks for the first time are encouraged to meet with the internal control officer to learn the process, requirements, and best practices.

The Internal Control Officer provides all employees involved in activities supporting this certification with EFC's internal control forms, instructions, and internal control-related literature, including Standards for Internal Control in New York State Government, Budget Policy and Reporting Manual Item B-0350, and the New York State Internal Control Act.

- 6. The governing board of each covered authority or its designee shall determine, and periodically review the determination of, whether an internal audit function within the covered authority is required.**

**For this requirement, the Corporation is:**

**Fully Compliant**       **Partially Compliant**       **Not Compliant**

On June 22, 2023, the Audit Committee of the Corporation's Board of Directors discussed the need for an internal audit function within the Corporation. The Audit Committee unanimously agreed that it is comfortable with the Corporation not having an internal audit function at this time. On June 22, 2023, the Board of Directors unanimously voted to accept the recommendation of the Audit Committee. The Board of Directors will continue to periodically consider whether an internal audit function within the Corporation is required.



## **Code of Ethical Conduct**

### **A. Introduction and General Rule**

This Code of Ethical Conduct (“Code”) applies to all Board members, officers, and employees of the Environmental Facilities Corporation (“EFC”). The Code is intended to implement provisions of the Public Officers Law and the Public Authorities Law, as well as the regulations, guidelines, executive orders and best practices applicable to EFC.

Board members, officers, or employees shall not have any interest, financial or otherwise, direct or indirect, or engage in any business or transaction or professional activity or incur any obligation of any nature, which is in substantial conflict with the proper discharge of their duties in the public interest.

### **B. Ethical Standards Applicable to Board Members, Officers, and Employees**

1. Board members, officers, and employees should not accept other employment which will impair their independence of judgment in the exercise of their official duties to EFC.
2. Board members, officers, and employees should not accept employment or engage in any business or professional activity which will require them to disclose confidential information which they have gained by reason of their official position or authority with EFC.
3. Board members, officers, and employees should not disclose confidential information acquired in the course of their official duties with EFC nor use such information to further their personal interests.
4. Board members, officers, and employees should not use or attempt to use their official position with EFC to secure unwarranted privileges or exemptions for themselves or others, including but not limited to, the misappropriation to themselves or to others of the property, services or other resources of EFC or the State for private business or other compensated non-governmental purposes.
5. Board members, officers, and employees should not engage in any transaction as representative or agent of EFC with any business entity in which they have a direct or indirect financial interest that might reasonably tend to conflict with the proper discharge of their official duties with EFC.

6. Board members, officers, and employees should not by their conduct give reasonable basis for the impression that any person can improperly influence them, or unduly enjoy their favor in the performance of the official duties to EFC, or that they are affected by the kinship, rank, position or influence of any party or person.
7. Board members, officers, and employees shall not directly or indirectly make, advise, or assist any person to make any financial investment based upon information available through their official position that could create any conflict between their duties to EFC in the public interest and their private interests.
8. Board members, officers, and employees should not pursue a course of conduct that will raise suspicion among the public that they are likely to be engaged in acts that are in violation of the public's trust.

**C. Ethical Standards Regarding Board Member, Officer, and Employee Participation in Outside Activities**

1. Board members, officers, and employees shall not receive, or enter into any agreement express or implied for, compensation for services to be rendered in relation to any case, proceeding, application, or other matter before any State agency, or any executive order, or any legislation or resolution before the State legislature, where their compensation is dependent or contingent upon any action by such agency or legislature.
2. Board members, officers, or employees shall not receive, directly or indirectly, or enter into any agreement express or implied for, any compensation, in whatever form, for the appearance or services by themselves or another against the interest of the State in relation to any case, proceeding, application or other matter before, or the transaction of business by themselves or another with, the Court of Claims.
3. Board members, officers, and employees, or corporation that a Board member, officer, or employee directly or indirectly owns or controls 10% or more of shall not (i) sell any goods or services having a value in excess of \$25 to any State agency, or (ii) contract for or provide such goods or services with or to any private entity where the power to contract, appoint or retain on behalf of such private entity is exercised, directly or indirectly, by a State agency or officer thereof, unless such goods or services are provided pursuant to competitive procurement.
4. Board members, officers, and employees shall not, directly or indirectly solicit, accept or receive any gift having more than a nominal value, whether in the form of money, service, loan, travel, lodging, meals, refreshments, entertainment, discount, forbearance or promise, or in any other form, under circumstances in which it could reasonably be inferred that the gift was intended to influence them, or could reasonably be expected to influence them, in the performance of their official duties or was intended as a reward for any official action on their part.



5. Board members, officers, and employees, other than in the proper discharge of official governmental duties, shall not receive, directly or indirectly, or enter into any agreement express or implied for, any compensation, in whatever form, for the appearance or services by themselves or another in relation to any case, proceeding, application or other matter before a State agency where such appearance or rendition of services is in connection with:
  - a. the purchase, sale, rental or lease of real property, goods or services, or a contract therefor, from, to or with any such agency;
  - b. any proceeding relating to rate making;
  - c. the adoption or repeal of any rule or regulation having the force and effect of law;
  - d. the obtaining of grants of money or loans;
  - e. licensing; or
  - f. any proceeding relating to a franchise provided for in the Public Service Law.
6. Board members, officers, and employees shall not receive, directly or indirectly, or enter into any agreement express or implied, for any compensation, in whatever form, for the rendering of consulting, representational, advisory, or other services by themselves or another in connection with any proposed or pending bill or resolution in the Senate or Assembly.
7. No person who has served as an EFC Board member, officer, or employee shall within a period of two years after the termination of such service or employment appear or practice before EFC or receive compensation for any services rendered by such former Board member, officer, or employee on behalf of any person, firm, corporation or association in relation to any case, proceeding or application or other matter before EFC.
8. No person who has served as an EFC Board member, officer, or employee shall after the termination of such service or employment appear, practice, communicate or otherwise render services before any State agency on behalf of any person, firm, corporation or other entity in relation to any case, proceeding, application or transaction with respect to which the Board member, officer, or employee was directly concerned and in which they personally participated during the period of service or employment with EFC, or which was under their active consideration.
9. A Board member, officer, or employee who is a member, associate, retired member, of counsel to, or shareholder of any firm, association or corporation which is appearing or rendering services in connection with any case, proceeding, application or other matter listed in paragraph 5 of this Section C

shall not orally communicate, with or without compensation, as to the merits of such cause with an officer or an employee of the agency concerned with the matter.

10. No Board member, officer, or employee may participate in any decision to hire, promote, discipline, or discharge a relative for any compensated position at EFC.
11. Board members, officers, and employees shall not:
  - a. participate in any State contracting decision involving the payment of more than \$1,000 to that individual, any relative of that individual, or any entity in which that individual or any relative has a financial interest; or
  - b. participate in any decision to invest public funds in any security of any entity in which that individual or any relative of that individual has a financial interest, is an underwriter, or receives any brokerage, origination or servicing fees.
12. Board members, officers, employees involved in the awarding of State grants or contracts shall not ask a current or prospective grantee or contractor, or any officer, director or employee thereof, to disclose: (i) the party affiliation of such grantee or contractor, or any officer, director or employee thereof; (ii) whether such grantee or contractor, or any officer, director or employee thereof, has made campaign contributions to any party, elected official, or candidate for elective office; or (iii) whether such grantee or contractor, or any officer, director or employee thereof, cast a vote for or against any elected official, candidate or political party.
13. Board members, officers, and employees shall not award or decline to award any State grant or contract, or recommend, promise or threaten to do so, in whole or in part, because of a current or prospective grantee's or contractor's refusal to answer any inquiry prohibited by paragraph 12 of this Section C, or giving or withholding or neglecting to make any contribution of money or service or any other valuable thing for any political purpose.
14. Board members, officers, and employees shall not, during the consideration of an employment decision, ask any applicant for public employment to disclose: (i) the political party affiliation of the applicant; (ii) whether the applicant has made campaign contributions to any party, elected official, or candidate for elective office; or (iii) whether the applicant cast a vote for or against any elected official, candidate or political party. The provisions of this section shall not apply where (1) such inquiry is necessary for the proper application of any State law or regulation; or (2) such inquiry is consistent with publicly disclosed policies or practices of EFC, whose purpose is to ensure the representation of more than one political party on any multi-member body.

15. Board members, officers, and employees shall not decline to hire or promote, discharge, discipline, or in any manner change the official rank or compensation of any State official or employee, or applicant for employment, or promise or threaten to do so, based upon a refusal to answer any inquiry prohibited by paragraph 14 of this Section C, or for giving or withholding or neglecting to make any contribution of money or service or any other valuable thing for any political purpose.

16. Board members, officers, and employees shall not, directly or indirectly, use their official authority to compel or induce any other State officer, director, or employee to make or promise to make any political contribution, whether by gift of money, service or other thing of value.

Specific policy and approval procedures for Board members, officers, and employees regarding participation in outside activities can be found in EFC's Policy on Participation in Outside Activities.

#### **D. Ethical Standards Regarding Conflicts of Interest**

A conflict of interest exists when the financial, familial, or personal interests of a Board member, officer, or employee of EFC comes into actual or perceived conflict with the individual's duties and responsibilities to EFC. Perceived conflicts of interest are situations where there is the appearance that a Board member, officer, or employee may personally benefit from actions or decisions made in their official capacity, or where a Board member, officer, or employee may be influenced to act in a manner that does not represent the best interests of EFC. The perception of a conflict occurs if circumstances would suggest to a reasonable person that an individual may have a conflict. The appearance of a conflict and an actual conflict are to be treated in the same manner for purposes of this Code.

1. Board members, officers, and employees must conduct themselves at all times in a manner that avoids any appearance that they can be improperly or unduly influenced, that they could be affected by the position of or relationship with any other party, or that they are acting in violation of their public trust. While it is not possible to describe or anticipate all circumstances that might involve a conflict of interest, a conflict of interest arises whenever a Board member, officer, or employee has or will have:
  - a. A financial or personal interest in any person, firm, corporation or association which has or will have a transaction, agreement or any other arrangement in which EFC participates;
  - b. The ability to use the position, confidential information or the assets of EFC to the individual's personal advantage;
  - c. Solicited or accepted a gift of any amount under circumstances in which it could reasonably be inferred that the gift was intended to influence the individual, or could reasonably be expected to influence the individual, in

the performance of official duties or was intended as a reward for any action on the individual's part; or

- d. Any other circumstance that may or appears to make it difficult for the Board member, officer, or employee to exercise independent judgment and properly exercise the individual's official duties.
2. Board members, officers, and employees shall not participate in any decision or take any official action with respect to any matter requiring the exercise of discretion, including discussing the matter and voting, when they know or have reason to know that the action could confer a direct or indirect financial or material benefit on themselves, a relative, or any organization in which they are deemed to have an interest. Board members, officers, and employees must recuse themselves from deliberations, votes, or internal discussion on matters relating to any organization, entity or individual where their impartiality in the deliberation or vote might be reasonably questioned, and are prohibited from attempting to influence other Board members, officers, or employees in the deliberation and voting on the matter.
    - a. All material facts related to a conflict of interest, or any potential or perceived conflict of interest (including information about the conflicting transaction and the nature of the interest) shall be disclosed in good faith to the Governance Committee and/or EFC's Ethics Officer either in writing, or by the Board member at a Board or Committee Meeting prior to discussion of the conflicting transaction. The minutes of EFC's meeting during which a perceived or actual conflict of interest is disclosed or discussed shall reflect the name of the interested person, the nature of the conflict, and a description of how the conflict was resolved.
    - b. The Governance Committee and/or the Ethics Officer who receives a written disclosure of a conflict of interest will advise the individual who may have a conflict of interest how to proceed. Prior to offering such advice, the Governance Committee and/or Ethics Officer may consult with other New York State agencies, such as the Authorities Budget Office, State Inspector General, or the Joint Commission on Public Ethics.

## **E. Executive Orders**

The provisions of the following Executive Orders shall apply as set forth therein to EFC Board members, officers, and employees:

1. Governor Hochul's Executive Order No. 6, dated October 8, 2021 (continuing Governor Paterson's Executive Order No. 7, dated June 18, 2008), prohibiting: (1) the use of State property for non-governmental purposes, including for personal purposes or for outside activities of any kind, and (2) campaign contributions to the Governor.

2. Governor Hochul's Executive Order No. 6, dated October 8, 2021 (continuing Governor Cuomo's Executive Order No. 3, dated January 2, 2011), with regard to required biennial ethics training for the President, General Counsel, and Ethics Officer.

## **F. Implementation**

This Code shall be provided to all Board members, officers, and employees upon commencement of employment or appointment and shall be reviewed annually by EFC's Governance Committee.

EFC's Ethics Officer shall be responsible for EFC's compliance with this Code.

## **G. Violations**

Board members, officers, and employees should promptly report any violations of this Code to the Ethics Officer, Deputy Director of Corporate Operations, or Human Resources Manager in accordance with EFC's Whistleblower Protection Policy.

In addition to any penalties imposed by an ethics regulatory entity, Board members, officers, or employees who fail to comply with this Code may be fined, suspended, or removed from office or employment in the manner provided by law.

## **H. Legal Effect**

This policy is not intended to set forth a fixed, general principle to be rigidly applied. Rather, its tenets are to be utilized solely as guidance and should be applied only after considering the specific facts and circumstances of each particular instance where an ethical question arises. This Code may be amended by majority vote of the Board members present at any meeting at which a quorum is in attendance. In addition, with respect to officers and employees of EFC, the provisions of this Code shall be in addition to any existing policies, guidelines or rules of EFC.

Reviewed and re-adopted on May 11, 2023.

## **Listing of Material Changes in Operations and Programs**

Nothing to report for SFY 2022-23.

## **Description of Assets and Services Purchased Without Competitive Bidding**

Nothing to report for SFY 2022-23.

**Statement of Material Pending Litigation  
Pursuant to Public Authorities Law Section 2800.1(a)(17)**

Nothing to report for SFY 2022-23.



## **Report on Real and Personal Property Transactions**

Nothing to report for SFY 2022-23.

**BUDGET & FINANCIAL PLAN**  
**BUDGETED REVENUES, EXPENDITURES, AND CHANGES IN CURRENT NET ASSETS**

	<b>Last Year (Actual) 2022</b>	<b>Current Year (Estimated) 2023</b>	<b>Next Year (Adopted) 2024</b>	<b>Proposed 2025</b>	<b>Proposed 2026</b>	<b>Proposed 2027</b>
<b><u>REVENUE &amp; FINANCIAL SOURCES</u></b>						
<b>Operating Revenues</b>						
Charges for services	\$10,192.00	\$11,000.00	\$0.00	\$0.00	\$0.00	\$0.00
Rental & financing income	15,015,372.00	18,175,000.00	17,450,000.00	16,892,000.00	16,492,000.00	16,104,000.00
Other operating revenues	290,051,765.00	275,426,000.00	281,820,000.00	279,245,000.00	282,736,000.00	280,328,000.00
<b>Nonoperating Revenues</b>						
Investment earnings	12,715,976.00	75,252,400.00	74,159,383.00	72,164,383.00	68,266,583.00	64,904,083.00
State subsidies/grants	167,963,459.00	164,450,000.00	215,680,000.00	220,680,000.00	212,680,000.00	200,680,000.00
Federal subsidies/grants	12,393,304.00	7,476,720.00	4,396,000.00	6,273,000.00	5,749,000.00	7,124,000.00
Municipal subsidies/grants	0	0	0	0	0	0
Public authority subsidies	0	0	0	0	0	0
Other nonoperating revenues	268,373.00	16,000.00	16,000.00	30,000.00	30,000.00	30,000.00
<b>Proceeds from the issuance of debt</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
<b>Total Revenues &amp; Financing Sources</b>	<b>\$498,418,441.00</b>	<b>\$540,807,120.00</b>	<b>\$593,521,383.00</b>	<b>\$595,284,383.00</b>	<b>\$585,953,583.00</b>	<b>\$569,170,083.00</b>
<b><u>EXPENDITURES</u></b>						
<b>Operating Expenditures</b>						
Salaries and wages	8,417,325.00	9,707,000.00	10,850,000.00	11,458,000.00	11,998,000.00	12,518,000.00
Other employee benefits	4,728,745.00	5,662,500.00	7,314,720.00	7,686,400.00	7,709,800.00	8,061,300.00
Professional services contracts	836,958.00	1,027,900.00	490,100.00	507,300.00	515,400.00	531,800.00
Supplies and materials	0	0	0	0	0	0
Other operating expenditures	1,210,696.00	4,422,500.00	3,441,400.00	3,204,800.00	1,835,503.00	2,237,700.00
<b>Nonoperating Expenditures</b>						
Payment of principal on bonds and financing arrangements	0	0	0	0	0	0
Interest and other financing charges	248,952,278.00	242,778,000.00	257,500,000.00	255,634,000.00	259,952,000.00	258,305,000.00
Subsidies to other public authorities	0	0	0	0	0	0
Capital asset outlay	0	0	0	0	0	0
Grants and donations	203,025,284.00	276,591,000.00	478,445,000.00	514,925,000.00	520,979,000.00	515,962,000.00
Other nonoperating expenditures	94,999,714.00	85,231,000.00	88,049,000.00	87,173,000.00	87,438,000.00	86,830,000.00
<b>Total Expenditures</b>	<b>\$562,171,000.00</b>	<b>\$625,419,900.00</b>	<b>\$846,090,220.00</b>	<b>\$880,588,500.00</b>	<b>\$890,427,703.00</b>	<b>\$884,445,800.00</b>
<b>Capital Contributions</b>	<b>\$296,242,996.00</b>	<b>\$556,919,000.00</b>	<b>\$636,512,000.00</b>	<b>\$694,705,000.00</b>	<b>\$761,043,000.00</b>	<b>\$793,888,000.00</b>
<b>Excess (deficiency) of revenues and capital contributions over expenditures</b>	<b>\$232,490,437.00</b>	<b>\$472,306,220.00</b>	<b>\$383,943,163.00</b>	<b>\$409,400,883.00</b>	<b>\$456,568,880.00</b>	<b>\$478,612,283.00</b>

NYS Environmental Facilities Corporation  
**Fiscal Year 2022-23 Actual vs Budgeted**  
Summary

	<u>Actual</u>	<u>Budget</u>	<u>Difference</u>
<u>Revenues</u>			
Bond financing fees	\$ 3,524,086	\$ 3,524,000	\$ 86
Administrative fees	18,304,390	18,151,000	153,390
Less DEC support	(3,500,000)	(3,500,000)	-
Administrative grant revenues	7,205,378	8,227,720	(1,022,342)
Less transferred to DEC	(851,005)	(751,000)	(100,005)
Contract service fees	12,235	11,000	1,235
Interest income on investments	85,821,841	75,252,400	10,569,441
Unrealized gain (loss) on investments	(48,551,621)	-	(48,551,621)
Interest income on bonds	239,204,176	267,234,000	(28,029,824)
Interest income on direct financings	7,665,096	8,192,000	(526,904)
State assistance payments revenue	165,420,756	164,450,000	970,756
Other revenues	9,925	16,000	(6,075)
Total revenues	<u>474,265,257</u>	<u>540,807,120</u>	<u>(66,541,863)</u>
<u>Expenses</u>			
Interest subsidy provided	55,970,325	85,231,000	(29,260,675)
Interest expense on bonds payable	231,071,328	242,778,000	(11,706,672)
State assistance payments expense	165,420,756	164,450,000	970,756
Grants disbursed/Principal forgiveness	68,595,872	112,141,000	(43,545,128)
Personal service costs	9,527,997	9,707,000	(179,003)
Fringe benefits	2,584,434	3,291,000	(706,566)
Other postemployment benefits	529,999	2,371,500	(1,841,501)
Supplies and materials	19,570	31,100	(11,530)
Travel	24,394	20,000	4,394
Equipment purchases and maintenance	383,716	258,000	125,716
Consultants	248,124	273,000	(24,876)
Postage	732	5,600	(4,868)
Printing	5,355	1,400	3,955
Board expenses	885	2,600	(1,715)
Training and conferences	11,501	8,600	2,901
Telephone	80,150	58,800	21,350
Miscellaneous	567,204	545,300	21,904
Insurance	26,013	26,900	(887)
Books and journals	31,536	26,500	5,036
Trustee	212,685	196,200	16,485
Reimbursable contractual	15,754	13,400	2,354
SRF admin expense fee account	282,603	3,336,000	(3,053,397)
NYS cost recovery fee	-	647,000	(647,000)
Total expenses	<u>535,610,933</u>	<u>625,419,900</u>	<u>(89,808,967)</u>
Increase (decrease)	(61,345,676)	(84,612,780)	23,267,104
Project grant revenues	425,998,071	556,919,000	(130,920,929)
Increase (decrease) in net position	<u>\$ 364,652,395</u>	<u>\$ 472,306,220</u>	<u>\$(107,653,825)</u>

**SFY 22/23 State Revolving Fund Financings**

**Clean Water Long-Term Direct**

	<b>Financing</b>	<b>Grant</b>	<b>Total</b>
Albany MWFA	6,492,198		6,492,198
City of Middletown	2,258,863	359,284	2,618,147
City of Ogdensburg	19,600,000		19,600,000
City of Oneonta	6,749,263	154,918	6,904,181
City of Rome	2,160,300		2,160,300
City of Rome	6,677,022	528,946	7,205,968
Livingston County Water and Sewer Authority	7,652,105	706,250	8,358,355
Nassau County	26,812,500		26,812,500
NYCMWFA	278,434,000		278,434,000
NYCMWFA	97,436,193		97,436,193
Suffolk County	6,793,302		6,793,302
Suffolk County	80,037,254		80,037,254
Town of Ausable	5,348,808	660,782	6,009,590
Town of Catskill	10,191,205	17,538	10,208,743
Town of Chautauqua	1,822,856		1,822,856
Town of New Baltimore	1,768,236	102,926	1,871,162
Town of North Hempstead	3,959,087		3,959,087
Village of Adams	3,094,942	252,779	3,347,721
Village of Lowville	10,758,603		10,758,603
Village of Marcellus	4,347,275		4,347,275
Village of Mohawk	4,509,124	1,509,485	6,018,609
Village of Vernon	5,212,500	750,000	5,962,500
	<b>592,115,636</b>	<b>5,042,908</b>	<b>597,158,544</b>

**Clean Water Long-Term Leveraged**

	<b>Financing</b>	<b>Grant</b>	<b>Total</b>
City of Ogdensburg	12,788,820		12,788,820
City of Sherrill	5,250,518	788,789	6,039,307
Columbia County	3,666,338		3,666,338
Hudson River Black River Regulating District	820,689		820,689
Nassau County	149,316,601		149,316,601
NYCMWFA	362,799,582		362,799,582
NYCMWFA	130,994,047		130,994,047
Oneida County	72,950,286		72,950,286
Onondaga County	7,763,409		7,763,409
Suffolk County	104,203,447		104,203,447
Town of Duanesburg	1,331,814	131,810	1,463,624
Town of North Hempstead	10,167,403	347,097	10,514,500
Village of Tuxedo Park	318,859	66,469	385,328
Westchester County	16,643,457	151,915	16,795,372
	<b>879,015,270</b>	<b>1,486,080</b>	<b>880,501,350</b>

**Clean Water Short-Term Direct**

	<b>Financing</b>	<b>Grant</b>	<b>Total</b>
Albany MWFA	1,875,000	1,875,000	3,750,000
Albany MWFA		725,000	725,000
Buffalo Sewer Authority	27,739,064	18,109,536	45,848,600
City of Newburgh	2,568,662	13,705,988	16,274,650
City of Poughkeepsie	8,350,146	1,403,250	9,753,396
Nassau County	95,000,000		95,000,000
NYCMWFA	657,949,860		657,949,860
Oneida County	39,784,465		39,784,465
Suffolk County	158,991,323	9,997,508	168,988,831
Town of Caneadea	1,800,000		1,800,000
Town of Constantia	31,000,000	5,000,000	36,000,000
Town of Dryden	3,063,000		3,063,000
Town of Gorham	809,450	90,550	900,000
Town of Harrison		1,750,000	1,750,000
Town of Hermon	2,000,000		2,000,000
Town of Liberty	6,584,000	11,416,000	18,000,000
Town of Ontario	6,293,500	1,250,000	7,543,500
Town of Rockland	264,990	41,260	306,250
Village of Bergen	989,750	174,953	1,164,703
Village of Champlain	2,502,000	834,000	3,336,000
Village of Clyde	5,774,269	290,075	6,064,344
Village of Corinth	13,822,602	2,107,535	15,930,137
Village of Corinth	8,177,398		8,177,398
Village of Depew	2,459,750	453,250	2,913,000
Village of Fishkill	17,375,000	4,125,000	21,500,000
Village of Franklinville	5,050,000		5,050,000
Village of Gouverneur	767,250	182,750	950,000
Village of Highland Falls		441,563	441,563
Village of Liberty	7,485,778	1,261,619	8,747,397
Village of Penn Yan	167,500	265,500	433,000
Village of Philadelphia	1,400,000		1,400,000
Village of Port Chester		316,250	316,250
Village of Portville	4,539,750	1,560,250	6,100,000
Village of Saranac Lake	7,348,332	603,113	7,951,445
Village of Sharon Springs	1,212,164	204,950	1,417,114
Village of Silver Creek	2,431,837	539,329	2,971,166
Washington County	12,608,882	1,630,400	14,239,282
	<b>1,138,185,722</b>	<b>80,354,629</b>	<b>1,218,540,351</b>

**Drinking Water Long-Term Direct**

	<b>Financing</b>	<b>Grant</b>	<b>Total</b>
City of Hornell	3,787,559	67,167	3,854,725.74
City of Mechanicville	2,876,500	616,492	3,492,992.29
NYCMWFA	53,021,000		53,021,000.00
NYCMWFA	9,110,530		9,110,530.00
Town of North Collins	249,797	44,113	293,909.50
Town of Stark	762,910	89,120	852,030.17
Town of Ticonderoga	8,529,572		8,529,572.00
Village of Dering Harbor	451,504		451,504.00
Village of Schaghticoke	4,396,978	320,485	4,717,462.69
Village of Tannersville	2,249,788	273,783	2,523,570.83
	<b>85,436,138</b>	<b>1,411,159</b>	<b>86,847,297</b>

**Drinking Water Long-Term Leveraged**

	<b>Financing</b>	<b>Grant</b>	<b>Total</b>
City of Dunkirk	5,683,945	618,077	6,302,022
NYCMWFA	99,935,529		99,935,529
NYCMWFA	102,201,588		102,201,588
Saratoga County Water Authority	7,826,573	1,404,334	9,230,907
Town of Granby	2,528,994	211,746	2,740,740
Town of Liberty	1,284,612	594,271	1,878,883
Town of Malone	820,680		820,680
Village of Fort Plain	520,959	226,986	747,945
Village of Fultonville	350,699	47,643	398,342
Village of Hancock	1,721,787	416,886	2,138,673
Village of Herkimer	322,637	47,316	369,953
Village of Newark	5,213,896	921,856	6,135,752
Village of Pawling	2,035,842	456,781	2,492,623
Village of Stillwater	472,397	25,363	497,760
	<b>230,920,138</b>	<b>4,971,259</b>	<b>235,891,397</b>

**Drinking Water Short-Term Direct**

	<b>Financing</b>	<b>Grant</b>	<b>Total</b>
Albany MWFA	1,830,000	4,270,000	6,100,000
City of Poughkeepsie	1,081,157	1,621,568	2,702,725
City of Yonkers		1,629,064	1,629,064
Jericho Water District		3,000,000	3,000,000
Manhasset Lakeville Water District		7,476,600	7,476,600
NYCMWFA	99,999,127		99,999,127
Plainview Water District		5,399,226	5,399,226
South Huntington Water District		1,465,500	1,465,500
Town of Bedford		841,050	841,050

Town of Delaware	1,681,068	2,274,379	3,955,447
Town of Elbridge	8,058,775		8,058,775
Town of Ellicottville	4,000,000	3,000,000	7,000,000
Town of Esperance	1,221,750	2,045,529	3,267,279
Town of Essex	1,216,738	1,902,358	3,119,096
Town of Gorham	4,971,000	3,000,000	7,971,000
Town of Hounsfield	2,447,000	3,000,000	5,447,000
Town of Hume	1,802,800	741,697	2,544,497
Town of Malone	784,151		784,151
Town of New Haven		925,000	925,000
Town of Poughkeepsie	902,918	1,331,032	2,233,950
Town of Warrensburg	496,700	745,050	1,241,750
Village of Brocton	395,520	605,280	1,000,800
Village of Canajoharie	1,073,000	1,650,000	2,723,000
Village of Elbridge	5,245,806		5,245,806
Village of Florida	2,290,000	3,000,000	5,290,000
Village of Fort Edward	1,844,466	2,766,698	4,611,164
Village of Garden City		3,653,794	3,653,794
Village of Garden City		5,336,304	5,336,304
Village of Harriman		823,506	823,506
Village of Hobart	315,600	473,400	789,000
Village of Jordan	2,697,199	3,000,000	5,697,199
Village of Philadelphia	3,152,000	1,662,390	4,814,390
Village of South Dayton	1,401,900	1,823,100	3,225,000
Village of Watkins Glen	13,500,000	5,000,000	18,500,000
Water Authority of Great Neck North	5,876,683	382,081	6,258,764
	<b>168,285,359</b>	<b>74,844,607</b>	<b>243,129,966</b>

**NYS Environmental Facilities Corporation**  
**Bond Ratings**  
**Period Ending 3/31/23**

SRF	<u>Description</u>	<u>Series</u>	<u>Date Issued</u>	<u>Amount</u>	<u>Fitch</u>	<u>Ratings</u>	
						<u>Moody's</u>	<u>Standard &amp; Poor's</u>
	NYCMWFA Issue	2022 A	4/21/22	413,005,000	AAA	Aaa	AAA
	2010 MFI Issue	2022 B	12/6/22	326,775,000	AAA	Aaa	AAA





# Environmental Facilities Corporation

KATHY HOCHUL  
Governor

MAUREEN A. COLEMAN  
President and CEO

## CERTIFICATION PURSUANT TO § 2800 (3) OF THE PUBLIC AUTHORITIES LAW

In accordance with § 2800 of the Public Authorities Law, we confirm, to the best of our knowledge and belief that the Financial Statements of the New York State Environmental Facilities Corporation for the period ended March 31, 2023 have been prepared in conformity with accounting principles generally accepted in the United States of America and that:

- a) the information provided therein is accurate, correct and does not contain any untrue statement of material fact;
- b) such financial statements do not omit any material fact which, if omitted, would cause the financial statements to be misleading in light of the circumstances under which such statements are made;
- c) such financial statements fairly present in all material respects the financial condition and results of operations of the Corporation as of, and for, the periods presented in the financial statements.

A handwritten signature in black ink, appearing to read "MAC", written over a horizontal line.

Maureen A. Coleman  
President and CEO

A handwritten signature in black ink, appearing to read "AS", written over a horizontal line.

Albert Schnide, CPA  
Controller



**NEW YORK STATE  
ENVIRONMENTAL FACILITIES CORPORATION**  
(A Component Unit of the State of New York)

Basic Financial Statements

March 31, 2023

(With Independent Auditors' Report Thereon)

**NEW YORK STATE  
ENVIRONMENTAL FACILITIES CORPORATION**  
(A Component Unit of the State of New York)

Basic Financial Statements

March 31, 2023

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KPMG LLP  
515 Broadway  
Albany, NY 12207-2974

## Independent Auditors' Report

The Board of Directors  
New York State Environmental Facilities Corporation:

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of the New York State Environmental Facilities Corporation (the Corporation), a component unit of the State of New York, as of and for the year ended March 31, 2023, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements for the year then ended as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of March 31, 2023, and the changes in its financial position and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

#### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



### *Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### *Required Supplementary Information*

U.S. generally accepted accounting principles require that the management's discussion and analysis and the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Corporation's basic financial statements. The combining schedule of net position, the combining schedule of revenues, expenses, and changes in net position, and the combining schedule of cash flows are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2023 on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

**KPMG LLP**

Albany, New York  
June 28, 2023

**NEW YORK STATE  
ENVIRONMENTAL FACILITIES CORPORATION**  
(A Component Unit of the State of New York)

Management's Discussion and Analysis (unaudited)

March 31, 2023

**Introduction**

The New York State Environmental Facilities Corporation (EFC or the Corporation) is a Public Benefit Corporation whose mission is to assist communities throughout New York State to undertake critical water quality infrastructure projects by providing access to low cost capital, grants, and expert technical assistance. A primary goal is to ensure that these projects remain affordable while safeguarding essential water resources. We support this mission by consistently using an innovative approach to developing and advancing new financing strategies to maximize the funding that can be made available to our clients, aiding compliance with Federal and State requirements, and promoting green infrastructure practices.

EFC's primary activities are within its State Revolving Fund programs (SRFs).

EFC's basic financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board.

**Corporate Activities**

EFC's corporate activities include the Industrial Finance Program (IFP), which provides tax-exempt and taxable conduit financings to private entities for a variety of environmental purposes.

**State Revolving Fund Programs**

EFC's two major programs are the Clean Water and Drinking Water State Revolving Funds (CWSRF/DWSRF). These two programs account for substantially all of the total assets and the increase in net position of EFC. These programs provide financial support to communities throughout the State to undertake projects that prevent water pollution and provide safe drinking water.

**Clean Water State Revolving Fund Program**

The CWSRF program provides low-interest rate financing terms and in certain cases offers loan guarantees, principal forgiveness and grants to eligible recipient entities for projects that reduce, eliminate or prevent water pollution. The program is administered jointly by EFC and the New York State Department of Environmental Conservation (DEC). As the financings are repaid, the money becomes available to finance new projects and the funds continue to revolve. The CWSRF provides up to a 50% interest rate subsidy, which saves communities money on interest costs.

Examples of eligible CWSRF projects include construction of new wastewater treatment plants, upgrades to existing plants, sewer line extensions and storm water management projects.

**Drinking Water State Revolving Fund Program**

The DWSRF program provides low-interest rate financing terms and in certain cases offers principal forgiveness, as well as hardship grants for publicly and privately owned community water system projects that provide safe, affordable drinking water. The program is administered jointly by EFC and the New York State Department of Health (DOH). Like the CWSRF, as the financings are repaid, the money becomes available to finance new projects. The DWSRF provides up to a 33 $\frac{1}{3}$ % interest rate subsidy, which saves communities money on interest costs.

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Examples of eligible DWSRF projects include upgrades to treatment facilities to ensure compliance with Federal and State drinking water standards, installation or replacement of storage facilities to prevent contamination or provide adequate delivery pressure, and installation or replacement of transmission and distribution mains to prevent contamination.

**Water Infrastructure Improvement Acts/Clean Water Infrastructure Act of 2017**

The New York State Water Infrastructure Improvement Acts of 2015 and 2017 (WIIA) provided significant state resources to fund critical drinking water and wastewater infrastructure projects. Under WIIA, EFC provides grants to assist municipalities in funding water quality infrastructure. WIIA grants are available for both drinking water and sewage treatment works (clean water) projects that protect or improve water quality and/or public health.

The Clean Water Infrastructure Act of 2017 (CWIA) invests additional state resources to fund drinking water and clean water infrastructure projects as well as water quality protection across New York State. CWIA continues the investment of WIIA and funds new programs that will also protect or improve water quality and/or public health.

Many of the projects that are supported with WIIA/CWIA will also receive CWSRF or DWSRF funding.

**Financial Highlights – 2023**

- Total assets and deferred outflows of resources increased by \$617.8 million or 4.7% from \$13.0 billion to \$13.7 billion.
- Net position increased by \$364.7 million from \$7.3 billion to \$7.7 billion
- Investment income increased by \$24.6 million or 193.1% from \$12.7 million to \$37.3 million.
- Project grant revenues increased by \$129.8 million from \$296.2 million to \$426.0 million.
- Grants disbursed increased by \$33.5 million from \$35.1 million to \$68.6 million.
- The Corporation issued two series of SRF bonds in an aggregate principal amount of \$739.8 million.

**SRF Program Activity**

A summary of the SRFs' bond issuances that occurred is as follows:

Series	Closed	2023		
		CWSRF	DWSRF	Total
2022A	4/21/2022	\$ 325,685,000	87,320,000	413,005,000
2022B	12/6/2022	241,065,000	85,710,000	326,775,000
		<u>\$ 566,750,000</u>	<u>173,030,000</u>	<u>739,780,000</u>



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<b>2022</b>				
<b>Series</b>	<b>Closed</b>	<b>CWSRF</b>	<b>DWSRF</b>	<b>Total</b>
2021A	6/30/2021	\$ 205,725,000	79,020,000	284,745,000
2021B	12/9/2021	81,035,000	63,505,000	144,540,000
		<u>\$ 286,760,000</u>	<u>142,525,000</u>	<u>429,285,000</u>

The preceding charts reflect the amount of SRF bonds at their original par value. SRF bonds are typically sold at a premium or discount and the proceeds of those bonds are provided to recipients. SRF bonds are rated AA or better by Standard and Poor's, Moody's Investors Service and Fitch, Inc.

A summary of the SRFs' financings that occurred is as follows:

<b>2023</b>			
	<b>CWSRF</b>	<b>DWSRF</b>	<b>Total</b>
Leveraged financings	\$ 841,900,688	218,304,609	1,060,205,297
Long-term direct financings	592,115,636	85,436,138	677,551,774
Short-term direct financings	1,143,832,446	166,572,080	1,310,404,526
Grants	18,237,236	15,567,597	33,804,833
	<u>\$ 2,596,086,006</u>	<u>485,880,424</u>	<u>3,081,966,430</u>

<b>2022</b>			
	<b>CWSRF</b>	<b>DWSRF</b>	<b>Total</b>
Leveraged financings	\$ 378,757,489	176,930,763	555,688,252
Long-term direct financings	201,020,656	35,456,801	236,477,457
Short-term direct financings	406,780,097	122,069,389	528,849,486
Grants	10,186,959	5,901,182	16,088,141
	<u>\$ 996,745,201</u>	<u>340,358,135</u>	<u>1,337,103,336</u>

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A summary of the WIIA/CWIA financings that occurred is as follows:

	<b>2023</b>		
	<u>CW</u>	<u>DW</u>	<u>Total</u>
Grants	\$ 47,718,747	139,107,219	186,825,966
Short-term loans	—	3,400,000	3,400,000
	<u>\$ 47,718,747</u>	<u>142,507,219</u>	<u>190,225,966</u>
	<b>2022</b>		
	<u>CW</u>	<u>DW</u>	<u>Total</u>
Grants	\$ 156,082,290	231,302,753	387,385,043
Short-term loans	—	—	—
	<u>\$ 156,082,290</u>	<u>231,302,753</u>	<u>387,385,043</u>

**Summary Schedule of Net Position**

A summary of the Corporation's net position is as follows:

	<u>2023</u>	<u>2022</u>
<b>Assets and Deferred Outflows of Resources</b>		
Current assets	\$ 1,512,681,713	1,382,307,856
Noncurrent assets	<u>12,143,915,956</u>	<u>11,650,901,275</u>
Total assets	13,656,597,669	13,033,209,131
Deferred outflows of resources	<u>11,114,346</u>	<u>14,485,107</u>
Total assets and deferred outflows of resources	<u>\$ 13,667,712,015</u>	<u>13,047,694,238</u>

**NEW YORK STATE  
ENVIRONMENTAL FACILITIES CORPORATION**  
(A Component Unit of the State of New York)

Management's Discussion and Analysis (unaudited)

March 31, 2023

	<b>2023</b>	<b>2022</b>
<b>Liabilities, Deferred Inflows of Resources, and Net Position</b>		
Current liabilities	\$ 597,342,044	540,790,860
Noncurrent liabilities	5,330,186,714	5,140,067,601
Total liabilities	5,927,528,758	5,680,858,461
Deferred inflows of resources	26,391,844	17,696,759
Total liabilities and deferred inflows of resources	5,953,920,602	5,698,555,220
Net position restricted	7,703,922,586	7,340,704,969
Net position unrestricted	9,868,827	8,434,049
Total net position	7,713,791,413	7,349,139,018
Total liabilities, deferred inflows of resources and net position	\$ 13,667,712,015	13,047,694,238

**Summary Schedule of Revenues, Expenses and Changes in Net Position**

A summary of the Corporation's revenues, expenses and changes in net position is as follows:

	<b>March 31</b>	
	<b>2023</b>	<b>2022</b>
Total operating revenues	\$ 271,574,282	317,739,006
Total operating expenses	301,503,809	359,145,722
Operating loss	(29,929,527)	(41,406,716)
Nonoperating revenues	628,689,048	476,922,431
Nonoperating expenses	234,107,126	203,025,285
Increase in net position	364,652,395	232,490,430
Beginning net position	7,349,139,018	7,116,648,588
Cumulative effect of change in accounting principles	—	—
Ending net position	\$ 7,713,791,413	7,349,139,018

**Statement of Net Position Analysis – 2023**

The Corporation's total assets and deferred outflows of resources increased \$620.0 million from \$13.0 billion as of March 31, 2022 to \$13.7 billion as of March 31, 2023. The increase in assets and deferred outflows of resources of \$620.0 million was the net result of several factors, which include a increase in cash and cash

**NEW YORK STATE  
ENVIRONMENTAL FACILITIES CORPORATION**  
(A Component Unit of the State of New York)

Management's Discussion and Analysis (unaudited)

March 31, 2023

equivalents of \$327.0 million, a decrease in short-term financings receivable of \$661.5 million, an increase in direct financings receivable of \$407.8 million, an increase in bonds receivable of \$452.4 million, as well as an increase in investments of \$83.2 million.

The Corporation's total liabilities and deferred inflows of resources increased \$255.4 million from \$5.7 billion as of March 31, 2022 to \$6.0 billion as of March 31, 2023. The increase in liabilities and deferred inflows of resources of \$255.4 million was primarily the net result of several factors, which include an increase in bonds payable of \$209.4 million, an increase in accounts payable and accrued expenses of \$4.0 million, a decrease in OPEB liability of \$11.1 million, an increase in deferred inflows of resources related to pensions and OPEB of \$8.7 million, as well as an increase in other liabilities of \$45.5 million.

The Corporation's total net position increased \$364.7 million from \$7.3 billion to \$7.7 billion.

**Changes in Net Position Analysis – 2023**

During the year ended March 31, 2023, the Corporation recorded an operating loss of \$30.0 million as compared to an operating loss of \$41.4 million during the year ended March 31, 2022. The decrease in operating loss of \$11.4 million was primarily the net result of a \$57.5 million decrease in operating expenses offset with a \$46.2 million decrease in operating revenue. Operating expenses decreased primarily due to a decrease in interest expense on bonds payable of \$17.9 million, and a decrease in interest subsidy provided of \$39.0 million. Operating revenue decreased primarily due to a decrease in interest income on bonds and direct financings of \$43.2 million, an increase in bond financing and administrative fees of \$3.3 million, as well as a decrease in administrative grant revenues of \$6.0 million. During the fiscal year, \$30.8 million of the decrease in interest income on bonds receivable was due to decreased offsets associated with interest subsidies provided by the Corporation from below market rate financings. A resulting decrease in subsidy expense is reflected in these results. \$13.0 million of the decrease to bond interest income and expense was due to a reduction in offsets to bond premium.

The Corporation recorded project grant revenues in its statement of revenues, expenses, and changes in net position of \$426.0 million during the year ended March 31, 2023 as compared to \$296.2 million for the year ended March 31, 2022. The increase in project grant revenues of \$129.8 million is due to an increase in the amount of funds that the Corporation drew from the CWSRF and DWSRF capitalization grants year over year. Also included in nonoperating revenues and expenses was an increase in investment income of \$24.5 million and an increase in grants disbursed of \$33.5 million. Contributing to the decrease in investment income was an unrealized loss in the change in fair value on our long-term investment portfolio of \$49.7 million for the year ended March 31, 2023 as compared to an unrealized loss of \$41.0 million for the year ended March 31, 2022.

Overall, the Corporation recorded an increase in net position of \$364.7 million for the year ended March 31, 2023 as compared to \$232.5 million for the year ended March 31, 2022. The increase in the change in net position of \$364.7 million year over year is primarily the result of increased project grant revenues from the federal capitalization grant awards in the year ending March 31, 2023, as detailed in the preceding paragraphs.

**NEW YORK STATE  
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Management's Discussion and Analysis (unaudited)  
March 31, 2023

**Liquidity**

For fiscal year 2023-24, the Corporation expects to recover its operating costs through fees charged to clients for various services as well as through the use of the administrative portion of the CWSRF and DWSRF capitalization grants.

SRF fees are assessed and collected to cover SRF program administration costs. Fees collected and not expended against current administration costs are held in permitted investments for future use.

The Corporation issues special obligation bonds under the Clean Water and Drinking Water State Revolving Funds to provide financial assistance to eligible recipients for water pollution and drinking water projects (as outlined in each program's respective Intended Use Plan). The financial assistance is provided pursuant to a financing agreement between EFC and each recipient in which the Corporation agrees to purchase and the recipient agrees to sell its bonds in the principal amount of its financing to EFC. Payment on these bonds will serve as the primary security for EFC's bonds.

**Contacting the New York State Environmental Facilities Corporation**

This financial report is designed to provide interested parties with a general overview of the Corporation's finances and to demonstrate its accountability for funds received and expended. If you have questions about this report or would like additional information regarding EFC's programs, please visit the Corporation's website at [www.efc.ny.gov](http://www.efc.ny.gov).

**NEW YORK STATE  
ENVIRONMENTAL FACILITIES CORPORATION**  
(A Component Unit of the State of New York)

Statement of Net Position

March 31, 2023

**Assets and Deferred Outflows of Resources**

Current assets:	
Cash and cash equivalents	\$ 25,556,210
Contractual services and fees receivable	1,921,991
Restricted assets:	
Cash and cash equivalents	608,864,427
Interest receivable on bonds and direct financings	75,556,570
Interest receivable on cash and cash equivalents and investments	20,828,086
Annual fees receivable	13,789,396
Prepaid expense	885,000
Short-term financings receivable, net	233,739,272
Direct financings receivable	131,225,119
Bonds receivable	400,052,733
Other restricted funds	262,909
	<hr/>
Total current assets	1,512,681,713
	<hr/>
Noncurrent assets:	
Restricted assets:	
Investments	2,053,386,416
Short-term financings receivable, net	467,071,928
Direct financings receivable	3,315,705,264
Bonds receivable	6,305,554,641
Net pension asset	2,197,707
	<hr/>
Total noncurrent assets	12,143,915,956
	<hr/>
Total assets	13,656,597,669
	<hr/>
Deferred outflows of resources related to pensions and OPEB	11,114,346
	<hr/>
Total assets and deferred outflows of resources	\$ 13,667,712,015
	<hr/>

**NEW YORK STATE  
ENVIRONMENTAL FACILITIES CORPORATION**  
(A Component Unit of the State of New York)

Statement of Net Position

March 31, 2023

**Liabilities, Deferred Inflows of Resources and Net Position**

Current liabilities:	
Accrued interest on bonds	\$ 66,927,717
Accrued interest subsidy	26,515,426
Bonds payable	325,965,000
Other restricted funds	262,909
Accounts payable and accrued expenses	26,534,968
Debt service funds payable	5,132,275
Other liabilities	144,944,978
Other post-employment benefits	1,058,771
Total current liabilities	597,342,044
Noncurrent liabilities:	
Bonds payable	5,292,599,500
Other post-employment benefits	37,587,214
Total noncurrent liabilities	5,330,186,714
Total liabilities	5,927,528,758
Deferred inflows of resources related to pensions and OPEB	26,391,844
Total liabilities and deferred inflows of resources	5,953,920,602
Net position:	
Restricted for revolving loan fund programs	7,703,922,586
Unrestricted	9,868,827
Total net position	\$ 7,713,791,413

See accompanying notes to basic financial statements.

**NEW YORK STATE  
ENVIRONMENTAL FACILITIES CORPORATION**  
(A Component Unit of the State of New York)

Statement of Revenues, Expenses, and Changes in Net Position

Year ended March 31, 2023

Operating revenues:	
Interest income on bonds and direct financings receivable	\$ 246,869,273
Bond financing and administrative fees	18,328,476
Administrative grant revenues	6,354,373
Contract service fees	12,235
Other revenues	9,925
	<u>271,574,282</u>
Total operating revenues	
Operating expenses:	
Interest expense on bonds payable	231,071,329
Interest subsidy provided	55,970,325
Administrative costs	14,462,155
	<u>301,503,809</u>
Total operating expenses	
Operating loss	
	<u>(29,929,527)</u>
Nonoperating revenues:	
Project grant revenues	425,998,071
Investment income	37,270,221
State assistance payments revenue	165,420,756
	<u>628,689,048</u>
Total nonoperating revenues	
Nonoperating expenses:	
Grants disbursed	68,686,370
State assistance payments expense	165,420,756
	<u>234,107,126</u>
Total nonoperating expenses	
Increase in net position	
	364,652,395
Beginning net position	<u>7,349,139,018</u>
Ending net position	<u>\$ 7,713,791,413</u>

See accompanying notes to basic financial statements.



**NEW YORK STATE  
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(A Component Unit of the State of New York)

Statement of Cash Flows

Year ended March 31, 2023

Cash flows from operating activities:	
Bond financing fees and administrative grant revenue	\$ 22,510,998
Personal services expense	(9,427,820)
Fringe benefits expense	(2,584,434)
Other administrative expenses	(9,561,866)
Other, net	<u>57,566,314</u>
Net cash provided by operating activities	<u>58,503,192</u>
Cash flows from noncapital financing activities:	
Proceeds from bonds issued	739,780,000
Principal payments on bonds payable	(530,358,954)
Interest paid on bonds payable	(231,367,642)
Grants disbursed	(68,686,370)
Contributions received from the U.S. Environmental Protection Agency	368,870,846
Contributions received from New York State	<u>57,127,225</u>
Net cash provided by noncapital financing activities	<u>335,365,105</u>
Cash flows from investing activities:	
Net proceeds from maturities of investments	(83,184,005)
Interest income on investments	30,845,578
Bonds purchased	(1,060,205,297)
Bonds repayments received	607,830,659
Short-term financing disbursements	(977,452,499)
Short-term financing repayments received	1,638,977,390
Direct financings issued	(677,551,774)
Direct financing repayments received	269,786,334
Interest income on bonds and direct financings receivable	241,911,361
Interest subsidy provided	(56,864,381)
Debt service funds received	2,154,340
Debt service funds paid	<u>(2,246,929)</u>
Net cash used in investing activities	<u>(65,999,223)</u>
Net increase in cash and cash equivalents	327,869,074
Cash and cash equivalents, beginning of year	<u>306,551,563</u>
Cash and cash equivalents, end of year	<u>\$ 634,420,637</u>

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Statement of Cash Flows

Year ended March 31, 2023

Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	\$ (29,929,527)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Interest income on bonds and direct financings receivable	(246,869,273)
Interest expense	231,071,329
Interest subsidy provided	55,970,325
Changes in assets and liabilities that provide (use) cash:	
Contractual services and fees receivable	(1,877,862)
Annual fees receivable	(306,224)
Accounts payable and accrued expenses	3,988,173
Other assets and liabilities	57,556,385
Other post-employment benefits	(11,100,134)
Net cash provided by operating activities	<u>\$ 58,503,192</u>

See accompanying notes to basic financial statements.

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**(1) General**

**(a) Organization**

The New York State Environmental Facilities Corporation (EFC or the Corporation) is a public benefit corporation formed pursuant to the New York State Environmental Facilities Corporation Act (Chapter 744 of the Laws of New York State of 1970, as amended). EFC is a component unit of New York State (State) and is exempt from Federal, State, and local income taxes. EFC is included in the State's basic financial statements. The Corporation is governed by a board of directors consisting of seven members, three of whom are required to be certain State officials – the Commissioner of Environmental Conservation (who is also designated as the chair), the Commissioner of Health and the Secretary of State. The four remaining directors are appointed by the Governor and confirmed by the State Senate.

**(b) Description of Business**

EFC provides low-cost capital and expert technical assistance to municipalities, businesses and State agencies for environmental projects in New York State. These activities include the administration of the Clean Water State Revolving Fund (CWSRF) program and the Drinking Water State Revolving Fund (DWSRF) programs, administering State Grant programs, assisting businesses finance environmental projects through the Industrial Finance Program (IFP); and helping municipalities, State agencies and businesses comply with environmental laws and regulations through various programs administered by EFC.

The CWSRF and the DWSRF are the Corporation's largest programs. The CWSRF provides low-interest rate financing terms and in certain cases offers loan guarantees, principal forgiveness and grants to eligible recipient entities for projects that reduce, eliminate or prevent water pollution. The DWSRF provides low-interest rate financing terms and in certain cases offers principal forgiveness, as well as hardship grants for publicly and privately owned community water system projects that provide safe, affordable drinking water.

The New York State Clean Water Infrastructure Act of 2017 (Act) invests \$2.5 billion in clean and drinking water infrastructure projects and water quality protection across New York. It provides at least \$1 billion for the New York State Water Infrastructure Improvement Act of 2017 (WIIA), which authorized EFC to provide grants to assist municipalities in funding water quality infrastructure. WIIA grants are available for both drinking water and sewage treatment works (clean water) projects. As part of the Act, the New York State Intermunicipal Water Infrastructure Grants Program (IMG) authorizes EFC to provide at least \$150 million in grants to assist municipalities in support of intermunicipal water quality infrastructure projects. The Emerging Contaminates (EC) Grant Program provides funds to combat emerging contaminants, such as PFOA, PFOS and 1, 4-dioxane, with system upgrades and innovative technologies. An additional \$2.5 billion in state appropriations have been made available for drinking water and clean water infrastructure capital projects, including \$500 million in the fiscal year 2023 Executive Budget.

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The Septic System Replacement Fund was established as part of the Act and provides a source of funding for the replacement of cesspools and septic systems in New York State and seeks to reduce the environmental and public-health impacts associated with the discharge of effluent from cesspools and septic systems on groundwater used as drinking water, as well as threatened or impaired water bodies. The program provides grants for eligible septic system projects.

The Emergency Financial Assistance program was also established as part of the Act. It authorizes expedited emergency financial assistance to municipalities for wastewater and drinking water infrastructure emergencies. The amount of financial assistance provided to any municipality will be based on the reasonable costs immediately necessary to address the emergency. The financial assistance is a loan to be repaid within one year.

The IFP provides tax-exempt and taxable conduit financings to private entities for a variety of environmental projects that manage waste and, control pollution, and to build drinking water and wastewater treatment facilities.

EFC provides administrative and technical assistance to private and public sector clients to help them with administering their programs including:

1. The East of Hudson Septic System Rehabilitation Reimbursement Program contract with New York City DEP provides grants to reduce adverse water quality impacts from failing residential septic systems in the Kensico, West Branch, Boyd Corners, Cross River and Croton Falls portions of the New York City Water Supply Watershed Basin;
2. The Clean Vessel Assistance Program (CVAP) provides grants to assist recipients install pump out and dump station facilities to receive sewage from recreational marine vessels. The program also works to raise boater awareness regarding the benefits, use, and availability of pump out stations;

**(2) Summary of Significant Accounting Policies**

***(a) Basis of Accounting***

The accompanying basic financial statements have been prepared in conformity with U.S. generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The operations of the Corporation are accounted for using the accrual basis of accounting in order to recognize the flow of economic resources. Under this basis, revenues are recognized in the period in which they are earned, and expenses are recognized in the period in which they are incurred. The more significant accounting policies are described below.

***(b) Revenue Recognition and Accounts Receivable***

The Corporation recognizes revenue when earned. Project grant revenues under capitalization grants for the operation of the State Revolving Fund (SRF) programs are recognized when reimbursable expenses are incurred for financings originated.

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**(c) Cash and Cash Equivalents**

EFC considers certificates of deposit, repurchase agreements, money market funds, U.S. Treasury Bills and Federal Home Loan Bank Discount Notes, with remaining maturities of three months or less at the time of purchase, to be cash equivalents. At March 31, 2023, the cash and cash equivalents, excluding U.S. Treasury Bills, U.S. Treasury Money Market Funds and Federal Home Loan Bank Discount Notes, are fully insured or collateralized with securities in the Corporation's name. U.S. Treasury Bills are uninsured and not collateralized, but are held in trust accounts in EFC's name and are backed by the full faith and credit of the Federal government.

**(d) Investments**

EFC's investment guidelines permit investment of funds in obligations of, or guaranteed by, the United States of America or New York State, as well as in time deposits, guaranteed investment contracts, repurchase agreements and other permitted investments such as qualified municipal obligations. All cash, time deposits, guaranteed investment contracts and repurchase agreements are collateralized by securities (obligations of, or guaranteed by, the United States of America or New York State and any FDIC coverage) having a fair value of not less than 102% of the amount currently on deposit or in accordance with their respective agreement. At March 31, 2023, EFC's guaranteed investment contracts require collateral be maintained at 113% of the investment value. From time to time, the actual collateral pledged may fall below the contractual requirement of the guaranteed investment contracts. Upon notice to the investment providers, additional collateral is pledged to satisfy the contractual requirements.

Investments are recorded at fair value or amortized cost. Guaranteed investment contracts and structured debt obligations (Tennessee Valley Authority (TVA) and Inter-American Development Bank (IADB)) are considered nonparticipating investment contracts and are therefore recorded at cost. Municipal obligations are recorded at fair value obtained from independent pricing services. United States government backed or sponsored securities with original maturities at the time of purchase of one year or less are recorded at cost. EFC requires delivery to its custodian (agent) or other acceptable financial institutions of all securities purchased and collateral for guaranteed investment contracts, certificates of deposit and repurchase agreements, regardless of the seller institution.

The Corporation applies GASB Statement No. 72, *Fair Value Measurement and Application*. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

Except for investments reported at net asset value (NAV) or its equivalent as a practical expedient to estimate fair value, fair value is measured using three levels:

Level 1: Investments include cash and money market funds, equity and fixed income securities with observable market prices. Fair value is readily determinable based on quoted market prices in active markets for those securities.

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Level 2: Investments whose inputs are other than quoted prices in active markets that are observable either directly or indirectly and fair value is determined through the use of models or other valuation methodologies.

Level 3: Investments have significant unobservable inputs. The inputs into the determination of fair value are based on the best information available.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

**(e) Use of Estimates**

The preparation of basic financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and any differences are reflected in the statement of revenues, expenses, and changes in net position in the year of the change.

The methods for making such estimates and for establishing the resulting liability are continually reviewed, and any adjustments are reflected in the statement of revenues, expenses and changes in net position in the year of the change.

**(f) Net Position**

The Corporation's net position is classified in the following categories: restricted for revolving loan fund programs, consisting of assets less related liabilities restricted for the operation of the CWSRF and DWSRF programs; and unrestricted, consisting of assets reduced by related liabilities that are not classified as restricted. If both restricted and unrestricted resources are available for use, restricted resources are generally used first.

**(g) Operating and Nonoperating Revenues and Expenses**

The Corporation distinguishes operating revenues and expenses from nonoperating items in the preparation of its basic financial statements. The principal operating revenues are generated from the interest income earned from borrowings under the long-term loan programs and fees related to these programs. The Corporation's operating expenses include interest expense on bonds payable, interest subsidy provided, principal forgiveness and expenses related to the administration of EFC's activities. The principal nonoperating revenues are generated from project grant revenues, investment income, and other none change revenues. EFC has adopted a policy of recognizing interest income on bonds receivable from below market rate financings at the amount received from borrowers. Nonoperating expenses include program grants.

**(h) Recently Adopted Accounting Principals**

During the year ended March 31, 2023 EFC adopted GASB 87, *Leases*, and GASB 91, *Conduit Debt Obligations*. There was no material impact to EFC's basic financial statements.

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**(i) Net Pension Asset**

EFC participates in a cost sharing multiple employer pension plan, the New York State and Local Employees' Retirement System (System). GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68). GASB 68 requires that a portion of the Plan's net pension liability (asset) as well as deferred inflows and outflows of resources from pension activities be reflected in the reported amounts on the Corporation's statement of net position.

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to EFC's participation in the System, as well as the related pension expense, information about the fiduciary net position of the System, and additions to/deductions from EFC's fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments are recognized when due and payable in accordance with the statutes governing the System. Investments of the System are reported at fair value.

**(j) Other Post-Employment Benefits**

Medical and Prescription Drug benefits are provided through the New York State Health Insurance Program (NYSHIP) for eligible employees who retire directly from EFC employment with a minimum of 10 years of service with NYS Civil Service, and a minimum of one year with EFC immediately preceding retirement. The plan is considered a single employer plan.

EFC's annual other post-employment benefit (OPEB) expense is calculated based on an amount actuarially determined in accordance with the parameters of GASB Statement 75, *Accounting and Financial Reporting for Postemployment*. The total OPEB liability represents the portion of actuarial present value of projected benefit payments attributable to past periods of member service.

**(3) State Revolving Funds**

The CWSRF program was created as a result of passage of the Federal Water Quality Act of 1987 and New York State's enactment of Chapter 565 of the Laws of 1989. EFC is responsible for the execution and oversight of the CWSRF in New York State. The CWSRF provides financial support for needed wastewater infrastructure improvements. The program is administered jointly by EFC and the New York State Department of Environmental Conservation (DEC).

The DWSRF program was created as a result of passage of the 1996 Amendments to the Safe Drinking Water Act by the U.S. Congress and New York State's enactment of Chapter 413 of the Laws of 1996 (Clean Water/Clean Air Bond Act). The DWSRF provides financial support to public and private water systems to undertake needed drinking water infrastructure improvements. The program is administered jointly by EFC and the New York State Department of Health (DOH).

EFC's primary activities with regard to the CWSRF and DWSRF include providing financial assistance for eligible projects, the issuance of debt in the capital markets for the purpose of providing financial assistance, the investment of program moneys, and the management and coordination of the programs.

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SRF program capitalization grants are issued from the U.S. Environmental Protection Agency (USEPA) to New York State, for which the State is required to provide 20% in matching funds. New York State distributes these Federal and State moneys to DEC and DOH who in turn distribute these moneys to EFC to provide financial assistance to eligible recipients. Financial assistance under the SRF program may be provided directly from the grant funds, or from the proceeds of the issuance of bonds, repayments, and/or interest earnings. Certain recipient financings are eligible for below market interest rates. Rates are reduced by one-third or one-half the market interest for Drinking Water and Clean Water projects, respectively.

Funds and accounts pertaining to the SRF programs are limited to specific uses by laws and regulations as well as Capitalization Grant and Operating Agreements entered into between USEPA and the State. As a result of these limitations on uses, these funds are classified as restricted on the statement of net position.

Reserve Allocation and Subsidy: In connection with certain financings, amounts received from the Federal government through the USEPA and New York State are drawn and deposited in an unallocated equity account. As an eligible recipient expends funds for costs of issuance, repayment of debt, refinancing of debt, defeasance of debt, and for acquisition and/or construction these funds are then transferred to the recipient in an amount equal to one-third or one-half of the expenditure from the unallocated equity account to the debt service reserve fund for the recipient. As a recipient repays its financing, a proportionate amount in the applicable debt service reserve fund will be redeposited in the unallocated equity account of the appropriate SRF. The earnings on the debt service reserve funds are utilized as subsidy to reduce the interest costs that recipients pay on their financing.

Committed Subsidies: In certain financings, the SRFs provide contractual commitments to recipients of leveraged financings to provide specified amounts of interest subsidies from earnings on reserve allocations or other SRF program resources or a combination of both. In general, it is expected that certain leveraged financings will not have any associated reserve allocations. Nevertheless, EFC utilizes other available SRF monies to provide recipients with an interest subsidy generally comparable to the subsidy that EFC provides from earnings on reserve allocations.



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**(4) Cash and Cash Equivalents and Investments**

EFC's cash equivalents and investments include cash equivalents and investments that are insured or collateralized, that are backed by the full faith and credit of the Federal government or invested in securities of a U.S. Government Sponsored Enterprise. As of March 31, 2023, cash and cash equivalents and investments held by the Corporation and the associated credit risks and maturities were as follows:

Investment type	Credit risk range	Cost/ fair value	Investment maturities in years			
			Less than 1 year	1 – 5 years	6 – 10 years	More than 10 years
Non-U.S. government backed:						
Guaranteed investment contracts	A – AAA	\$ 357,459,354	—	—	77,336,231	280,123,123
Municipal obligations	BBB – AAA	497,509,383	14,547,648	98,148,890	87,090,085	297,722,760
U.S. government backed/sponsored:						
U.S. Treasury bills		709,712,611	709,712,611	—	—	—
U.S. Treasury Notes		128,319,100	29,640,300	98,678,800	—	—
Federal home loan bank discount notes		474,468,058	474,468,058	—	—	—
State and local government series		—	—	—	—	—
Structured debt obligations		215,828,076	32,231,307	112,094,168	61,793,607	9,708,994
		<u>\$ 2,383,296,582</u>	<u>1,260,599,924</u>	<u>308,921,858</u>	<u>226,219,923</u>	<u>587,554,877</u>

The following table presents the Corporation's investments that are carried at fair value as of March 31, 2023, based on the fair value hierarchy:

Investment type	Total	Level 1	Level 2	Level 3
Investments at fair value:				
Municipal obligations	\$ 497,509,383	—	497,509,383	—
U.S. Treasury Notes	128,319,100	128,319,100	—	—
Total investments by fair value	<u>\$ 625,828,483</u>	<u>128,319,100</u>	<u>497,509,383</u>	<u>—</u>

With regard to the investments above, the Corporation has an investment policy that limits its exposure to losses arising from credit risk, interest rate risk, custodial credit risk, and concentration of credit risk.

*Credit risk* is the risk that an issuer will not fulfill its obligations. New York State law limits the investments that the Corporation can make, which minimizes the Corporation's exposure to credit risk.

*Interest rate risk* is the risk that changes in interest rates will adversely affect the fair value of an investment. The Corporation's policy for managing this risk is to hold investment securities to maturity, at which time the fair value of the investment is equal to its stated maturity value.

*Custodial credit risk* for investments is the risk that in the event of the failure of the counterparty to perform on a transaction, the Corporation will not be able to recover the value of investment securities that are in the possession of an outside party. To manage this risk, the Corporation's guaranteed investment contracts are collateralized and held by a third party.

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Other than U.S. government and U.S. Government Guaranteed/Sponsored securities, New York State General Obligation securities and New York State Personal Income Tax securities, EFC's investment policies limit any single obligor's uncollateralized investments to no more than 15% of the combined SRF programs' long-term nonpurpose, unpledged investment buy program. Concentration of credit risk in EFC's guaranteed investment contracts portfolio is minimized by obligors providing collateralization of at least 113% of invested funds to a third-party custodian for 2023.

As of March 31, 2023, the Corporation had four providers of guaranteed investment contracts, of which all were obligated for more than 5% of the total investment contract portfolio. The four providers were Societe General with \$165.9 million or 46.4% of the portfolio, Bank of America with \$91.9 million or 25.7% of the portfolio, JP Morgan Chase with \$77.3 million or 21.6% of the portfolio, and Citigroup with \$22.3 million or 6.3% of the portfolio.

**(5) Short-Term Financings Receivable**

Short-term financings receivable are provided with SRF capitalization grant monies, repayments, state grant monies, and/or interest earnings. This program assists eligible recipients with cash flow needs through project design and construction. The program provides short-term (generally three to five years) interest free and/or market rate financings to eligible recipients which have completed the facility planning process but in most instances are not ready to apply for long term (up to thirty years) financing.

Short-term financings receivable amounts are as follows:

	<u>CWSRF</u>	<u>DWSRF</u>	<u>Total</u>
Year ended March 31:			
2023	\$ 544,802,168	156,009,032	700,811,200

Short-term financings receivable mature as follows:

	<u>CWSRF</u>	<u>DWSRF</u>	<u>Total</u>
2024	\$ 191,487,787	42,251,485	233,739,272
2025	129,303,801	34,629,419	163,933,220
2026	148,709,984	65,757,954	214,467,938
2027	37,560,935	11,521,623	49,082,558
2028	37,739,662	1,848,551	39,588,213
	<u>\$ 544,802,169</u>	<u>156,009,032</u>	<u>700,811,201</u>

**(6) Direct Financings Receivable**

Direct financings receivables are funded with SRF capitalization grant monies, repayments and/or interest earnings. Direct financings receivable have been issued with interest rates that range from 0% to 4.87% and mature through the year 2053.

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Direct financings receivable mature as follows:

	<u>CWSRF</u>	<u>DWSRF</u>	<u>Total</u>
Year ended March 31:			
2024	\$ 98,020,322	33,204,797	131,225,119
2025	88,494,453	32,673,461	121,167,914
2026	89,572,524	32,763,176	122,335,700
2027	90,513,964	31,971,773	122,485,737
2028	108,128,911	32,151,120	140,280,031
2029-2033	580,338,362	160,600,792	740,939,154
2034-2038	497,478,098	156,270,162	653,748,260
2039-2043	509,358,450	138,070,914	647,429,364
2044-2048	395,807,296	109,307,707	505,115,003
2049-2053	209,304,236	52,899,865	262,204,101
	<u>\$ 2,667,016,616</u>	<u>779,913,767</u>	<u>3,446,930,383</u>

**(7) SRF Bonds Receivable and Bonds Payable**

EFC issues special obligation bonds under the SRF programs and in most cases these bond proceeds together with equity funds are used to provide financial assistance to eligible recipients. The financial assistance is provided pursuant to a financing agreement between EFC and each recipient in which EFC agrees to purchase and the recipient agrees to sell to EFC its bonds in the principal amount of its financing. These financing agreements serve as the primary security for EFC's bonds. Additionally, SRF program debt service reserve funds may be available to collateralize the outstanding bonds. The principal and interest payments of the project financing agreements are structured to be sufficient to pay the full principal and interest payments on EFC's bond obligations. EFC's bonds are issued subject to the terms of a Master Trust Agreement, a Financing Indenture of Trust, and a Supplemental Financing Indenture of Trust that is issued for each bond issue.

Bond proceeds net of issuance costs, and in most cases equity funds, are deposited in construction funds simultaneously with the issuance and sale of the SRF revenue bonds and are generally held for the recipients by the SRF trustee under a third-party agreement. The construction fund proceeds are recorded on the recipients' financial statements and are not included in EFC's basic financial statements. Moneys available and on deposit in the construction funds were \$112.9 million at March 31, 2023.

The bonds of each series are not general obligations of EFC or of New York State. Bonds are payable solely from payments made by each recipient to the trustee and any other pledged funds held by the trustee.

Certain bond series provide for optional redemption provisions.

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The following is a schedule of CWSRF bonds receivable outstanding at March 31, 2023:

<u>Bond issue</u>	<u>Range of interest rates</u>	<u>Year of maturity</u>	<u>March 31, 2023</u>
Series 2004C, 4/7/04	3.375–5.25	2033	\$ 55,520,000
Series 2010B, 2/11/10	5.707–5.807	2039	111,440,000
Series 2012B, 6/21/12	3.00–5.00	2042	65,040,000
Series 2012C, 6/21/12	2.005–3.684	2029	8,495,000
Series 2012E, 11/15/12	3.00–5.00	2042	98,906,564
Series 2012F, 11/15/12	1.874–2.806	2024	5,930,000
Series 2013A, 7/11/13	3.00–5.00	2033	233,390,000
Series 2013B, 8/1/13	3.50–5.00	2043	175,544,377
Series 2014A, 3/27/14	2.00–5.00	2034	218,630,000
Series 2014B, 7/2/14	2.00–5.00	2044	279,667,269
Series 2015A, 7/2/15	3.00–5.00	2045	158,285,000
Series 2015B, 8/20/15	3.00–5.00	2045	126,555,000
Series 2015C, 8/20/15	1.90–3.82	2030	24,210,000
Series 2015D, 8/20/15	3.00–5.00	2037	190,355,474
Series 2016A, 6/29/16	2.00–5.00	2046	307,670,000
Series 2016B, 9/22/16	3.00–5.00	2046	109,442,761
Series 2016C, 9/22/16	1.211–3.113	2039	22,900,000
Series 2017A, 4/13/17	5.00	2046	346,035,000
Series 2017B, 4/13/17	1.658–3.916	2036	240,545,000
Series 2017C, 11/9/17	3.00–5.00	2047	169,075,000
Series 2017E, 12/14/17	3.00–5.00	2047	217,695,000
Series 2018A, 8/2/18	3.00–5.00	2030	192,030,000
Series 2018B, 11/29/18	3.00–5.00	2048	135,075,000
Series 2019A, 6/13/19	3.00–5.00	2049	231,820,000
Series 2019B, 10/8/19	3.00–5.00	2038	187,545,000
Series 2020A, 4/8/20	4.00–5.00	2049	157,920,000
Series 2020B, 12/17/20	3.00–5.00	2050	174,440,000
Series 2021A, 6/30/21	3.00–5.00	2041	194,990,000
Series 2021B, 12/9/21	4.00–5.00	2051	162,004,604
Series 2022A, 4/21/22	4.00–5.00	2051	325,685,000
Series 2022B, 12/6/22	5.00–5.25	2052	511,115,688
			<u>\$ 5,437,956,737</u>

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<u>Bond issue</u>	<u>Range of interest rates</u>	<u>Year of maturity</u>	<u>March 31, 2023</u>
Beginning balance			\$ 5,132,119,863
Bonds issued			841,900,688
Bonds retired			<u>(536,063,814)</u>
Ending balance			<u>\$ 5,437,956,737</u>

The New York City Municipal Water Finance Authority makes up 59.3% of the CWSRF bonds receivable at March 31, 2023.

Included in CWSRF bonds payable are unamortized bond premiums of \$117.8 million at March 31, 2023.

The following is a schedule of DWSRF bonds receivable outstanding at March 31, 2023:

<u>Bond issue</u>	<u>Range of interest rates</u>	<u>Year of maturity</u>	<u>March 31, 2023</u>
Series 2004C, 4/7/04	4.50–5.00	2026	\$ 1,075,000
Series 2010B, 2/11/10	4.469–5.707	2029	50,630,000
Series 2012B, 6/21/12	3.00–5.00	2032	3,135,000
Series 2012E, 11/15/12	3.00–5.00	2032	5,540,000
Series 2013A, 7/11/13	5.00	2026	2,700,000
Series 2013B, 8/1/13	3.50–5.00	2042	20,251,247
Series 2014A, 3/27/14	5.00	2026	5,145,000
Series 2014B, 7/2/14	2.00–5.00	2044	16,042,820
Series 2015A, 7/2/15	4.00–5.00	2027	6,925,000
Series 2015B, 8/20/15	5.00	2042	9,115,000
Series 2015D, 8/20/15	3.00–5.00	2036	33,939,184
Series 2016A, 6/29/16	2.00–5.00	2046	109,450,000
Series 2016B, 9/22/16	3.00–5.00	2046	45,565,000
Series 2017A, 4/13/17	3.50–5.00	2046	117,675,000
Series 2017B, 4/13/17	1.658–3.366	2029	9,150,000
Series 2017C, 11/9/17	5.00	2047	3,515,000
Series 2017D, 11/9/17	1.885–3.751	2047	12,590,000

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<u>Bond issue</u>	<u>Range of interest rates</u>	<u>Year of maturity</u>	<u>March 31, 2023</u>
Series 2017E, 12/14/17	3.00–5.00	2047	\$ 93,980,000
Series 2018A, 8/2/18	3.00–5.00	2030	37,305,000
Series 2018B, 11/29/18	3.00–5.00	2048	108,330,000
Series 2019A, 6/13/19	3.00–5.00	2049	3,630,000
Series 2019B, 10/8/19	4.00–5.00	2049	128,515,000
Series 2020B, 12/17/20	3.00–5.00	2050	63,140,000
Series 2021A, 6/30/21	3.00–5.00	2041	72,625,000
Series 2021B, 12/9/21	4.00–5.00	2051	90,152,777
Series 2022A, 4/21/22	4.00–5.00	2051	87,320,000
Series 2022B, 12/6/22	5.00–5.25	2052	130,209,609
			<u>\$ 1,267,650,637</u>
Beginning balance			\$ 1,121,112,887
Bonds issued			218,304,609
Bonds retired			<u>(71,766,859)</u>
Ending balance			<u>\$ 1,267,650,637</u>

The New York City Municipal Water Finance Authority makes up 73.6% of the DWSRF bonds receivable at March 31, 2023.

Included in DWSRF bonds payable are unamortized bond premiums of \$39.4 million at March 31, 2023.

Defeased in-substance debt outstanding that is no longer recorded on EFC's statement of net position amounted to \$37.0 million at March 31, 2023.

In fiscal 2023, the Corporation issued \$739.8 million of State Revolving Funds Revenue Bonds. A portion of the proceeds, including a premium of \$72.9 million, was used to redeem one series of previously issued SRF bonds totaling \$216.4 million in par value. As a result of refinancing, the underlying borrowers in these transactions will realize \$11.5 million in present value savings. The remaining bond proceeds were used to provide financial assistance to eligible recipients.

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Principal payments on bonds receivable mature as follows:

	<u>CWSRF</u>	<u>DWSRF</u>	<u>Total</u>
Year ended March 31:			
2024	\$ 326,321,265	73,731,468	400,052,733
2025	313,782,112	68,321,985	382,104,097
2026	313,025,788	66,966,184	379,991,972
2027	306,811,504	64,321,000	371,132,504
2028	293,480,034	65,355,000	358,835,034
2029–2033	1,400,628,123	262,445,000	1,663,073,123
2034–2038	1,113,395,150	184,515,000	1,297,910,150
2039–2043	688,290,000	202,960,000	891,250,000
2044–2048	429,142,761	172,185,000	601,327,761
2049–2053	253,080,000	106,850,000	359,930,000
	<u>\$ 5,437,956,737</u>	<u>1,267,650,637</u>	<u>6,705,607,374</u>

Interest payments on bonds receivable are as follows:

	<u>CWSRF</u>	<u>DWSRF</u>	<u>Total</u>
Year ended March 31:			
2024	\$ 226,991,992	55,050,321	282,042,313
2025	213,539,100	51,865,294	265,404,394
2026	200,494,168	48,930,315	249,424,483
2027	187,524,135	46,076,323	233,600,458
2028	174,923,657	43,201,964	218,125,621
2029–2033	694,578,795	175,326,183	869,904,978
2034–2038	413,001,584	130,161,491	543,163,075
2039–2043	223,758,629	87,015,879	310,774,508
2044–2048	83,601,942	35,515,197	119,117,139
2049–2053	27,484,762	11,043,551	38,528,313
	<u>\$ 2,445,898,764</u>	<u>684,186,518</u>	<u>3,130,085,282</u>

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Principal payments on bonds payable mature as follows:

	<u>CWSRF</u>	<u>DWSRF</u>	<u>Total</u>
Year ended March 31:			
2024	\$ 263,595,000	62,370,000	325,965,000
2025	252,755,000	59,165,000	311,920,000
2026	255,190,000	58,395,000	313,585,000
2027	255,725,000	56,440,000	312,165,000
2028	241,920,000	57,695,000	299,615,000
2029–2033	1,156,150,000	232,590,000	1,388,740,000
2034–2038	887,225,000	168,925,000	1,056,150,000
2039–2043	500,810,000	190,550,000	691,360,000
2044–2048	386,010,000	192,825,000	578,835,000
2049–2053	117,255,000	65,810,000	183,065,000
	<u>\$ 4,316,635,000</u>	<u>1,144,765,000</u>	<u>5,461,400,000</u>

Interest payments on bonds payable are as follows:

	<u>CWSRF</u>	<u>DWSRF</u>	<u>Total</u>
Year ended March 31:			
2024	\$ 197,665,150	53,587,647	251,252,797
2025	185,558,564	50,541,434	236,099,998
2026	173,578,447	47,667,206	221,245,653
2027	161,451,621	44,837,022	206,288,643
2028	149,636,547	42,013,901	191,650,448
2029–2033	582,737,768	170,194,014	752,931,782
2034–2038	331,704,528	125,610,819	457,315,347
2039–2043	175,335,670	83,431,328	258,766,998
2044–2048	71,396,984	37,226,287	108,623,271
2049–2053	11,252,000	5,911,169	17,163,169
	<u>\$ 2,040,317,279</u>	<u>661,020,827</u>	<u>2,701,338,106</u>

The bonds issued range of interest rate and years of maturity is similar to the bonds receivable.



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The following is a reconciliation of bonds receivable to bonds payable:

	<u>CWSRF</u>	<u>DWSRF</u>	<u>Total</u>
Bonds receivable, March 31, 2023	\$ 5,437,956,737	1,267,650,637	6,705,607,374
Equity funded bonds receivable	(1,039,556,302)	(83,509,279)	(1,123,065,581)
Series 2017D	35,870,000	—	35,870,000
Premium on bonds payable	<u>(117,635,435)</u>	<u>(39,376,358)</u>	<u>(157,011,793)</u>
Bonds payable, March 31, 2023	<u>\$ 4,316,635,000</u>	<u>1,144,765,000</u>	<u>5,461,400,000</u>

Equity funded bonds receivable, or the blend rate funding model, utilizes a combination of bond proceeds from the issuance of EFC special obligation bonds and equity funds available from the CWSRF and DWSRF programs to fund a portion of each underlying recipients' financing. The equity funded portion is essentially an interest free component of each financing which satisfies subsidy targets. Both bond proceeds and equity funds are included in amounts recorded to bonds receivable however, only the bond proceeds are included in amounts recorded to bonds payable. Series 2017D has no associated Bonds Receivable. The above tables represent the reconciliation of bonds receivable to bonds payable outstanding at March 31, 2023. Bonds payable presented in the tables above are inclusive of unamortized bond premiums as of March 31, 2023.

**(8) Other Restricted Funds**

EFC acts as an administrator for various funds/programs under other restricted funds. At March 31, 2023, EFC's other restricted funds were \$263 thousand. A description of each of the funds is as follows:

DEC Escrow Fund: This fund is utilized to account for all transactions which occur relative to the agreements between DEC and EFC to administer certain escrow accounts.

East of Hudson Septic System Rehabilitation Reimbursement Program: This fund is utilized to account for all transactions that occur relative to the agreement between the New York City Department of Environmental Protection and EFC to administer the East of Hudson Program.

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The following is a summary of activities that have occurred within other restricted funds during the year ended March 31, 2023:

	<u>DEC</u>	<u>East of Hudson</u>	<u>Total</u>
Balance, March 31, 2022	\$ 272,283	2,034,687	2,306,970
Receipts:			
Program advances	—	—	—
Interest earnings	486	2,921	3,407
Total receipts	<u>486</u>	<u>2,921</u>	<u>3,407</u>
Disbursements:			
Project expenses	3,860	2,024,129	2,027,989
Administrative expenses	6,000	13,479	19,479
Total disbursements	<u>9,860</u>	<u>2,037,608</u>	<u>2,047,468</u>
Balance, March 31, 2023	\$ <u>262,909</u>	<u>—</u>	<u>262,909</u>

**(9) Industrial Financing Program**

EFC has entered into agreements with private sector companies to provide funds for certain environmental projects and with New York State to provide funding to the State for certain programs. Industrial Financing Bonds or Private Activity Bonds are considered conduit debt and not included as obligations in the accompanying basic financial statements of EFC.

Private Activity Bonds: Under the terms of the agreements, EFC issues bonds on behalf of private sector companies for use in the construction or refinancing of certain environmental projects. The bonds issued are special obligation revenue bonds payable solely from funds provided by the companies and do not constitute a liability of EFC or New York State and therefore are not reported in the accompanying basic financial statements. Private Activity Bonds outstanding totaled \$105 million at March 31, 2023.

**(10) Retirement Plan**

**(a) General information**

Employees of EFC are members of the New York State and Local Employees' Retirement System (System), a defined benefit cost-sharing, multiple-employer public employee retirement system. The net position of the System is held in the New York State Common Retirement Fund (Fund), which was established to hold all net assets and record changes in fiduciary net position allocated to the System. System benefits and required contributions are established under the provisions of the New York State Retirement and Social Security Law (RSSL). The System offers a range of programs and benefits that vary based on the date of membership, years of credited service and final average salary, vesting of retirement benefits, disability benefits and optional methods of benefit payments. Once a public employer elects to participate in the System, the election is irrevocable. As part of ERS, EFC also

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participates in the Public Employees Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. The System's financial report may be found at [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php) or obtained by writing the New York State and Local Retirement System, 110 State St, Albany, NY 12244.

Most members of the System who joined before July 27, 1976 or who have been a member of the System for at least ten years are enrolled in a noncontributory plan; the Corporation contributes the entire amount determined to be payable to the System. Personnel who joined the System July 27, 1976 or after and have not been a member of the System for at least ten years are required to contribute a percentage of their gross salary. Members who joined the System before January 1, 2010, are required by law to contribute a percentage of their gross salary for all years of service. The Corporation contributes the balance payable to the System for these employees.

**(b) Funding Policy**

Funding of the Systems is accomplished through member and employer contributions and investment earnings, according to the New York State Retirement and Social Security Law. Plan members who joined the Systems before July 27, 1976 are not required to make contributions. Those joining on or after July 27, 1976 and before January 1, 2010 who have less than 10 years of service or membership are required to contribute 3% of salary. Those joining on or after January 1, 2010, and before April 1, 2012, are required to contribute 3% throughout active service. Persons joining on or after April 1, 2012, are required to contribute between 3% and 6% throughout active service. Employers are required to contribute at an actuarially determined rate. Fully contributed average employer contribution rate for the Tiers of 14.7% was applicable to the annual covered payroll for the year ended March 31, 2021. EFC's required contribution for the fiscal year ended March 31, 2023 was \$902,247 and was 100% of the contribution required.

**(c) Pension Asset, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At March 31, 2023, EFC recognized a net pension asset of \$2,197,707, for its proportionate share of the System's net pension asset. The net pension asset was measured as of March 31, 2022 and was determined using an actuarial valuation as of April 1, 2021. Update procedures were used to roll forward the net pension asset to March 31, 2022. EFC's proportion of the System's net pension asset was based on a projection of EFC's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

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At the measurement date of March 31, 2022, EFC's proportion of the net pension asset of the System was 0.0266047%. EFC recognized pension expense for the year ended March 31, 2023 of \$39,962 and is included in Administrative costs in the accompanying basic financial statements. At March 31, 2023, EFC reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>2023</b>	
	<b>Deferred outflows of resources</b>	<b>Deferred inflows of resources</b>
Differences between expected and actual experience	\$ 166,435	215,876
Changes of assumptions	3,667,726	61,889
Net difference between projected and actual earnings on pension plan investments	—	7,196,568
Changes in proportion and differences between contributions and proportionate share of contributions	161,108	355,994
Contributions subsequent to measurement date	902,247	—
	\$ 4,897,516	7,830,327

Contributions of \$902,247 are reported as deferred outflows of resources as a result of EFC's contributions subsequent to the measurement date and will be recognized an increase to of the net pension asset in the year ending March 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<b>Amount</b>
Year ended March 31:	
2023	\$ (636,096)
2024	(896,520)
2025	(1,935,184)
2026	(367,258)
	\$ (3,835,058)

**(d) Actuarial Assumptions**

For the measurement date of March 31, 2022, the actuarial assumptions included in the actuarial valuation includes an inflation factor of 2.7%, projected salary increases of 4.4%, cost of living adjustments of 1.4% and an investment rate of return of 5.9%.

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Mortality rates are based on System experience from April 1, 2015 to March 31, 2020, adjusting for improvements based on the Society of Actuaries' Scale MP-2020. The previous actuarial valuation of April 1, 2020 used the same assumptions for the measure of total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2022 is summarized below:

<u>Asset class</u>	<u>2022</u>	
	<u>Target allocation</u>	<u>Long-term expected real rate of return</u>
Domestic equity	32 %	3.30 %
International equity	15	5.85
Private equity	10	6.50
Real estate	9	5.00
Opportunistic/Absolute Return Strategy	3	4.10
Credit	4	3.78
Real assets	3	5.58
Fixed income	23	—
Cash	1	(1.00)
	<u>100 %</u>	

The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rates of return on pension plan investments for 2023 of 5.9%, were applied to all periods of projected benefit payments to determine the total pension liability.

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The following presents EFC's proportionate share of the net pension asset for 2023 calculated using the discount rates of 5.9% as well as what EFC's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Current Assumption	1% Increase
Proportionate share of the net pension liability (asset)	\$ 5,656,868	(2,197,707)	(8,767,676)

**(11) Other Post-Employment Benefits**

**(a) General Information**

EFC provides postemployment healthcare benefits for eligible retired employees and their dependents who retire from EFC. EFC is a voluntary participating employer in NYSHIP, which is administered by the State of New York. Article XI of the New York State Civil Service Law assigns the authority to NYSHIP to establish and amend the benefit provisions of the plans and to establish maximum obligations of the plan members to contribute to the plan. NYSHIP is considered a single employer defined benefit plan offered by EFC to its employees.

In order to be eligible, employees must be enrolled as a NYSHIP enrollee or a dependent of a NYSHIP enrollee at the time of retirement from EFC, be eligible to receive a pension from the ERS and to have ten years of State service. In calculating the ten year service requirement, all of the employee's service need not be with EFC, but may be a composite of New York State service elsewhere, with a minimum of one year with EFC immediately preceding retirement. Employees with no prior State service must work a minimum of ten years with EFC before they and their dependents are eligible for the retirement medical benefits.

EFC pays 100% of the cost of single coverage and 75% of the cost of dependent coverage for employees who retired before January 1, 1983. EFC pays 90% of the cost of single coverage and 75% of dependent coverage for employees who retire on or after January 1, 1983. A vestee is a EFC employee vested as a member of the retirement system administered by the State, who has withdrawn from State service after meeting EFC's minimum service requirement but has not met the age requirement for continuing health insurance.

As of the measurement date, there were the following employees covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	67
Inactive employees entitled to but not yet receiving benefit payments	5
Active employees	85
	157

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Funding Policy: EFC has not funded a qualified trust or its equivalent as defined in GASB Statement No. 75, therefore benefits are funded on a pay as you go basis. Health insurance premiums for retired employees are equal to the premiums charged for active employees. EFC pays a portion of the premium for medical coverage for the employee and spouse for the lifetimes of the employee and spouse based on the plan chosen by the employee. EFC also reimburses retirees, spouses, and surviving spouses for their entire Medicare Part B premium payment. The dollar value of accumulated sick leave credits at the time of retirement is converted to a lifetime monthly credit, which is used to reduce the portion of the health insurance premiums paid directly by retirees and in some instances their surviving spouse for life. Contributions are made on a pay-as-you-go basis.

**(b) Actuarial Assumptions and Other Inputs**

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long term perspective of the calculations.

In the March 31, 2022 actuarial valuation, which was used for March 31, 2023 financial reporting, the Entry Age Normal cost method, as required by GASB 75 is used. EFC does not prefund its plan and is therefore required to use a discount rate equal to 20-year high grade municipal bonds. The baseline discount rate of 2.73% as of March 31, 2023 is based on the Bond Buyer General Obligation 20 Bond Municipal Index. The expected rate of increase in healthcare premiums for the March 31, 2020 valuation is the same rate as applied in the August 2022 report of the "New York State Development of Recommended Actuarial Assumptions for Other Post Employment Benefit Plans Actuarial Valuations – Participating Employer Version."

Mortality assumptions for the reporting date March 31, 2023 and 2022 were based on the mortality table in the "Annual Report to the Comptroller on Actuarial Assumptions" dated August 2020, with mortality improvement rates based on the MacLeod Watts Scale 2022.

**(c) Total OPEB Liability and Changes to the Total OPEB Liability**

EFC's annual other post-employment benefit (OPEB) expense is calculated based on an amount actuarially determined in accordance with the parameters of GASB Statement 75. The total OPEB liability represents the portion of actuarial present value of projected benefit payments attributable to past periods of member service.

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EFC's total reported OPEB liability of \$38,645,985 as of March 31, 2023 was measured as of March 31, 2022 and was determined by an actuarial valuation as of March 31, 2022.

	<b>2023</b>
Total OPEB liability:	
Service cost	\$ 1,590,183
Interest on total OPEB liability	1,219,291
Effect of liability gains and losses	(11,995,774)
Effect of assumption changes	(848,774)
Benefit payments	(1,065,060)
Net change in total OPEB liability	(11,100,134)
Total OPEB liability-beginning of year	49,746,119
Total OPEB liability-ending of year	\$ 38,645,985

The following presents EFC's total OPEB liability, calculated using the discount rates of 2.73% for 2023 as well as what EFC's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1-percentage-point higher than the current rate for 2023:

	<b>2023</b>		
	<b>1% Decrease</b>	<b>Current assumption</b>	<b>1% Increase</b>
	Total OPEB liability	\$ 46,382,587	38,645,985

The following presents EFC's total OPEB liability, calculated using the current healthcare cost trend rates, as well as what EFC's total OPEB liability would be if it were calculated using trend rates that are 1 percentage point lower or 1-percentage-point higher than the current trend rates:

	<b>2023</b>		
	<b>1% Decrease</b>	<b>Current trend rate</b>	<b>1% Increase</b>
	Total OPEB liability	\$ 32,527,431	38,645,985



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**(d) OPEB Expense, Deferred Inflows, and Deferred Outflows of Resources Related to OPEB**

For the year ended March 31, 2023, EFC recognized OPEB expense of \$529,999 and reported deferred outflows and inflows of resources related to OPEB from the following sources:

Deferred outflows of resources:	
Changes of assumptions	\$ 5,290,626
Benefit payments subsequent to the measurement date	<u>926,204</u>
Total deferred outflows of resources	<u>\$ 6,216,830</u>
Deferred inflows of resources:	
Differences between expected and actual experience	\$ 16,967,859
Changes of assumptions	<u>1,593,658</u>
Total deferred inflows of resources	<u>\$ 18,561,517</u>

Benefit payments subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending March 31, 2024. Other amounts recognized in the deferred outflows and inflows of resources related to OPEB will be recognized in the OPEB expense as follows:

Year ended March 31:	
2024	\$ (2,279,475)
2025	(2,337,863)
2026	(2,347,366)
2027	(2,269,803)
2028	(1,925,446)
Thereafter	<u>(2,110,938)</u>
Total	<u>\$ (13,270,891)</u>

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**(12) Commitments and Contingencies**

At March 31, 2023, the undisbursed balance of active SRF short-term direct loans and grants closed was \$1.2 billion and \$52.3 million, respectively.

In August 2013, the Corporation, through the State Revolving Fund (SRF), guaranteed \$24.3 million Series 2013A Residential Energy Efficiency Financing Revenue Bonds issued by the New York State Energy Research and Development Authority (NYSERDA). The bonds have semi-annual interest payments each January and July 1 and annual principal payments each July 1 from January 1, 2014 to July 1, 2028 and are secured with a pledge of payments from certain residential energy efficiency loans funded by NYSERDA. Under the terms of the guarantee agreement, the Corporation guarantees full and timely payment of principal and interest on the bonds in the event NYSERDA fails to pay when due and payable. NYSERDA established a Collateral Reserve account, which may be used by the Corporation to fund or reimburse the SRF if loan repayments and interest subsidies are insufficient to meet scheduled payments on the bonds, and if there are insufficient additional funds available from the residential energy efficiency loan program. As of March 31, 2023, the outstanding balance of the bonds totaled \$7.3 million and the balance in the Collateral Reserve account was \$2.6 million.

Periodically, the Corporation is involved with legal actions, claims and/or investigations arising in the ordinary course of business. In the opinion of management, as of March 31, 2023, the ultimate disposition of any such matters will not have a material adverse effect, if any, on the Corporation's net position, changes in net position, or liquidity.

**(13) Subsequent Events**

The Corporation has evaluated subsequent events from the statement of net position date of March 31, 2023 through June 28, 2023, the date at which the basic financial statements were available to be issued.

On May 18, 2023, EFC issued \$150,960,000 of New York State Environmental Facilities Corporation State Clean and Drinking Water Revolving Fund Revenue Bonds, Series 2023A (2010 Master Financing Program). The 2023A bonds have interest rates of 5.00% a final maturity of May 15, 2043.

**NEW YORK STATE  
ENVIRONMENTAL FACILITIES CORPORATION**  
(A Component Unit of the State of New York)

Required Supplemental Information

Schedule of Proportionate Share of the Net Pension Liability – New York State and  
Local Employees’ Retirement System Pension Plan (Unaudited)

March 31, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Share of net pension liability	0.2688490 %	0.0266047 %	0.0309794 %	0.0334003 %	0.0331066 %	0.0310347 %
Proportionate share of the net pension liability (asset) \$	(2,197,707)	26,491	8,203,519	2,366,512	1,068,497	2,916,092
Covered payroll	8,417,325	8,201,732	8,181,673	8,609,034	8,936,103	8,907,716
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	(26.1)%	0.3 %	100.3 %	27.5 %	12.0 %	32.7 %
Plan fiduciary net position as a percentage of the total pension liability	103.7 %	100.0 %	86.4 %	100.4 %	98.2 %	94.7 %

Measurement date is as of the respective March 31 of the previous year.

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

See accompanying independent auditors’ report.

**NEW YORK STATE  
ENVIRONMENTAL FACILITIES CORPORATION**  
(A Component Unit of the State of New York)

Required Supplemental Information

Schedule of Employer Contributions – New York State and  
Local Employees’ Retirement System Pension Plan (Unaudited)

March 31, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 902,247	1,311,796	1,154,850	1,250,737	1,308,955	1,282,460
Contributions in relation to the contractually required contribution	<u>902,247</u>	<u>1,311,796</u>	<u>1,154,850</u>	<u>1,250,737</u>	<u>1,308,955</u>	<u>1,282,460</u>
Contribution deficiency (excess)	<u>\$ —</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Covered payroll	\$ 9,527,997	8,417,325	8,201,732	8,181,673	8,609,034	8,936,103
Contributions as a percentage of covered payroll	9.5 %	15.6 %	14.1 %	15.3 %	15.2 %	14.4 %

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

See accompanying independent auditors' report.

**NEW YORK STATE  
ENVIRONMENTAL FACILITIES CORPORATION**  
(A Component Unit of the State of New York)

Required Supplemental Information

Schedule of Changes in Net OPEB Liability and Related Ratios

March 31, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total OPEB liability:				
Service cost	\$ 1,590,183	1,608,713	1,528,793	1,484,265
Interest on total OPEB liability	1,219,291	1,139,672	1,904,428	1,830,021
Effect of plan changes	—	—	—	—
Effect of liability gains and losses	(11,995,774)	—	(11,764,637)	(145,003)
Effect of assumption changes or inputs	(848,774)	(1,160,345)	9,127,656	856,108
Benefit payments	<u>(1,065,060)</u>	<u>(878,044)</u>	<u>(960,169)</u>	<u>(763,330)</u>
Net change in total OPEB liability	(11,100,134)	709,996	(163,929)	3,262,061
Total OPEB liability-beginning	<u>49,746,119</u>	<u>49,036,123</u>	<u>49,200,052</u>	<u>45,937,991</u>
Total OPEB liability-ending	<u>\$ 38,645,985</u>	<u>49,746,119</u>	<u>49,036,123</u>	<u>49,200,052</u>
Covered employee payroll	\$ 8,417,375	8,201,732	8,181,673	8,609,034
Net OPEB liability as a percentage of covered employee payroll	459 %	607 %	599 %	571 %

Measurement date is as of March 31 of the previous year.

Note: This schedule is intended to show information for ten years.

Additional years will be displayed as they become available.

See accompanying independent auditors' report.

**NEW YORK STATE  
ENVIRONMENTAL FACILITIES CORPORATION**  
(A Component Unit of New York State)

Other Supplementary Information – Combining Schedule of Net Position

March 31, 2023

<b>Assets and Deferred Outflows of Resources</b>	<b>Corporate activities</b>	<b>CWSRF</b>	<b>DWSRF</b>	<b>Total</b>
Current assets:				
Cash and cash equivalents	\$ 25,556,210	—	—	25,556,210
Contractual services and fees receivable	1,921,991	—	—	1,921,991
Restricted assets:				
Cash and cash equivalents	—	392,248,161	216,616,266	608,864,427
Interest receivable on bonds and direct financings	—	61,170,897	14,385,673	75,556,570
Interest receivable on cash and cash equivalents and investments	596,093	17,519,168	2,712,825	20,828,086
Annual fees receivable	—	12,501,156	1,288,240	13,789,396
Prepaid expense	—	820,000	65,000	885,000
Short-term financings receivable	—	191,487,787	42,251,485	233,739,272
Direct financing receivable	—	98,020,322	33,204,797	131,225,119
Bonds receivable	—	326,321,265	73,731,468	400,052,733
Other restricted funds	262,909	—	—	262,909
Total current assets	<u>28,337,203</u>	<u>1,100,088,756</u>	<u>384,255,754</u>	<u>1,512,681,713</u>
Noncurrent assets:				
Restricted assets:				
Investments	—	1,804,571,807	248,814,609	2,053,386,416
Short-term financings receivable	—	353,314,381	113,757,547	467,071,928
Direct financings receivable	—	2,568,996,295	746,708,969	3,315,705,264
Bonds receivable	—	5,111,635,472	1,193,919,169	6,305,554,641
Net pension asset	452,769	1,362,532	382,406	2,197,707
Total noncurrent assets	<u>452,769</u>	<u>9,839,880,487</u>	<u>2,303,582,700</u>	<u>12,143,915,956</u>
Total assets	<u>28,789,972</u>	<u>10,939,969,243</u>	<u>2,687,838,454</u>	<u>13,656,597,669</u>
Deferred outflows of resources related to pensions and OPEB liability	<u>1,351,423</u>	<u>8,025,868</u>	<u>1,737,055</u>	<u>11,114,346</u>
Total assets and deferred outflow of resources	<u>\$ 30,141,395</u>	<u>10,947,995,111</u>	<u>2,689,575,509</u>	<u>13,667,712,015</u>

See accompanying independent auditors' report.

**NEW YORK STATE  
ENVIRONMENTAL FACILITIES CORPORATION**  
(A Component Unit of New York State)

Other Supplementary Information – Combining Schedule of Net Position

March 31, 2023

<b>Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>Corporate activities</b>	<b>CWSRF</b>	<b>DWSRF</b>	<b>Total</b>
Current liabilities:				
Accrued interest payable on bonds	\$ —	52,738,722	14,188,995	66,927,717
Accrued interest subsidy	—	24,149,142	2,366,284	26,515,426
Bonds payable	—	263,595,000	62,370,000	325,965,000
Other restricted funds	262,909	—	—	262,909
Accounts payable and accrued expenses	11,213,913	12,777,468	2,543,587	26,534,968
Interfund balances	(1,169,028)	959,167	209,861	—
Debt service funds payable	—	4,302,243	830,032	5,132,275
Other liabilities	—	111,423,684	33,521,294	144,944,978
Other post-employment benefits	211,754	804,666	42,351	1,058,771
Total current liabilities	<u>10,519,548</u>	<u>470,750,092</u>	<u>116,072,404</u>	<u>597,342,044</u>
Noncurrent liabilities:				
Bonds payable	—	4,170,828,141	1,121,771,359	5,292,599,500
Other post-employment benefits	5,412,886	25,611,892	6,562,436	37,587,214
Total noncurrent liabilities	<u>5,412,886</u>	<u>4,196,440,033</u>	<u>1,128,333,795</u>	<u>5,330,186,714</u>
Total liabilities	15,932,434	4,667,190,125	1,244,406,199	5,927,528,758
Deferred inflows of resources related to pensions and OPEB liability	4,340,134	17,678,170	4,373,540	26,391,844
Total liabilities and deferred inflows of resources	<u>20,272,568</u>	<u>4,684,868,295</u>	<u>1,248,779,739</u>	<u>5,953,920,602</u>
Net position:				
Restricted for revolving loan fund programs	—	6,263,126,816	1,440,795,770	7,703,922,586
Unrestricted	9,868,827	—	—	9,868,827
Total net position	<u>\$ 9,868,827</u>	<u>6,263,126,816</u>	<u>1,440,795,770</u>	<u>7,713,791,413</u>

See accompanying independent auditors' report.

**NEW YORK STATE  
ENVIRONMENTAL FACILITIES CORPORATION**  
(A Component Unit of New York State)

Other Supplementary Information – Combining Schedule of Revenues, Expenses, and Changes in Net Position

Year ended March 31, 2023

	<u>Corporate activities</u>	<u>CWSRF</u>	<u>DWSRF</u>	<u>Total</u>
Operating revenues:				
Interest income on bonds and direct financings receivable	\$ —	196,659,835	50,209,438	246,869,273
Bond financing and administrative fees	77,000	13,728,623	4,522,853	18,328,476
Administrative grant revenues	36,600	5,173,053	1,144,720	6,354,373
Indirect cost and other recoveries	1,912,994	(1,484,548)	(428,446)	—
Contract service fees	12,235	—	—	12,235
Other revenues	9,925	—	—	9,925
Total operating revenues	<u>2,048,754</u>	<u>214,076,963</u>	<u>55,448,565</u>	<u>271,574,282</u>
Operating expenses:				
Interest expense on bonds payable	—	182,684,380	48,386,949	231,071,329
Interest subsidy provided	—	51,626,988	4,343,337	55,970,325
Administrative costs	2,950,158	8,816,690	2,695,307	14,462,155
Total operating expenses	<u>2,950,158</u>	<u>243,128,058</u>	<u>55,425,593</u>	<u>301,503,809</u>
Operating gain (loss)	<u>(901,404)</u>	<u>(29,051,095)</u>	<u>22,972</u>	<u>(29,929,527)</u>
Nonoperating revenues:				
Project grant revenues	—	387,044,390	38,953,681	425,998,071
Investment income	2,336,182	33,261,480	1,672,559	37,270,221
State assistance payments revenue	8,041,112	66,991,999	90,387,645	165,420,756
Total nonoperating revenues	<u>10,377,294</u>	<u>487,297,869</u>	<u>131,013,885</u>	<u>628,689,048</u>
Nonoperating expenses:				
Grants disbursed	—	61,122,233	7,564,137	68,686,370
State assistance payments expense	8,041,112	66,991,999	90,387,645	165,420,756
Total nonoperating expenses	<u>8,041,112</u>	<u>128,114,232</u>	<u>97,951,782</u>	<u>234,107,126</u>
Increase in net position	1,434,778	330,132,542	33,085,075	364,652,395
Beginning net position	<u>8,434,049</u>	<u>5,932,994,274</u>	<u>1,407,710,695</u>	<u>7,349,139,018</u>
Ending net position	<u>\$ 9,868,827</u>	<u>6,263,126,816</u>	<u>1,440,795,770</u>	<u>7,713,791,413</u>

See accompanying independent auditors' report.



**NEW YORK STATE  
ENVIRONMENTAL FACILITIES CORPORATION**  
(A Component Unit of New York State)

Other Supplementary Information – Combining Schedule of Cash Flows

Year ended March 31, 2023

	<b>Corporate activities</b>	<b>CWSRF</b>	<b>DWSRF</b>	<b>Total</b>
Cash flows from operating activities:				
Bond financing and administrative fees	\$ 160,967	17,229,568	5,120,463	22,510,998
Personal services expense	(1,946,299)	(5,823,035)	(1,658,486)	(9,427,820)
Fringe benefits expense	(169,937)	(1,982,417)	(432,080)	(2,584,434)
Other administrative expenses	(731,445)	(6,625,329)	(2,205,092)	(9,561,866)
Other, net	1,792,724	45,924,974	9,848,616	57,566,314
Net cash (used in) provided by operating activities	(893,990)	48,723,761	10,673,421	58,503,192
Cash flows from noncapital financing activities:				
Proceeds from bonds issued	—	566,750,000	173,030,000	739,780,000
Payments on bonds payable	—	(471,510,041)	(58,848,913)	(530,358,954)
Interest paid on bonds payable	—	(183,608,840)	(47,758,802)	(231,367,642)
Grants disbursed	—	(61,122,233)	(7,564,137)	(68,686,370)
Contributions received from the U.S. EPA	—	334,558,554	34,312,292	368,870,846
Contributions received from New York State	—	52,485,836	4,641,389	57,127,225
Net cash provided by noncapital financing activities	—	237,553,276	97,811,829	335,365,105
Cash flows from investing activities:				
Net proceeds from maturities of investments	—	(121,710,117)	38,526,112	(83,184,005)
Interest income on investments	1,740,089	28,690,826	414,663	30,845,578
Bonds purchased	—	(841,900,688)	(218,304,609)	(1,060,205,297)
Bonds repayments received	—	536,063,802	71,766,857	607,830,659
Short-term financing disbursements	—	(789,211,461)	(188,241,038)	(977,452,499)
Short-term financing repayments received	—	1,310,546,911	328,430,479	1,638,977,390
Direct financings issued	—	(592,115,636)	(85,436,138)	(677,551,774)
Direct financing repayments received	—	230,582,922	39,203,412	269,786,334
Interest income on bonds and direct financings receivable	—	192,241,135	49,670,226	241,911,361
Interest subsidy provided	—	(52,595,334)	(4,269,047)	(56,864,381)
Debt service funds received	—	1,439,829	714,511	2,154,340
Debt service funds paid	—	(1,846,770)	(400,159)	(2,246,929)
Net cash (used in) provided by investing activities	1,740,089	(99,814,581)	32,075,269	(65,999,223)
Net increase in cash and cash equivalents	846,099	186,462,456	140,560,519	327,869,074
Cash and cash equivalents, beginning of year	24,710,111	205,785,705	76,055,747	306,551,563
Cash and cash equivalents, end of year	\$ 25,556,210	392,248,161	216,616,266	634,420,637

**NEW YORK STATE  
ENVIRONMENTAL FACILITIES CORPORATION**  
(A Component Unit of New York State)

Other Supplementary Information – Combining Schedule of Cash Flows

Year ended March 31, 2023

	<u>Corporate activities</u>	<u>CWSRF</u>	<u>DWSRF</u>	<u>Total</u>
Reconciliation of operating gain (loss) to net cash (used in) provided by operating activities:				
Operating gain (loss)	\$ (901,404)	(29,051,095)	22,972	(29,929,527)
Adjustments to reconcile operating gain (loss) to net cash (used in) provided by operating activities:				
Interest income on bonds and direct financings receivable	—	(196,659,835)	(50,209,438)	(246,869,273)
Interest expense	—	182,684,380	48,386,949	231,071,329
Interest subsidy provided	—	51,626,988	4,343,337	55,970,325
Changes in assets and liabilities that provide (use) cash:				
Contractual services and fees receivable	(1,877,862)	—	—	(1,877,862)
Annual fees receivable	—	(187,560)	(118,664)	(306,224)
Accounts payable and accrued expenses	2,389,326	1,267,744	331,103	3,988,173
Interfund balances	(409,656)	344,946	64,710	—
Other assets and liabilities	2,192,452	45,580,028	9,783,905	57,556,385
Other post-employment benefits	(2,286,846)	(6,881,835)	(1,931,453)	(11,100,134)
Net cash (used in) provided by operating activities	<u>\$ (893,990)</u>	<u>48,723,761</u>	<u>10,673,421</u>	<u>58,503,192</u>

See accompanying independent auditors' report.



# Environmental Facilities Corporation

**KATHY HOCHUL**  
Governor

**MAUREEN A. COLEMAN**  
President and CEO

## **Annual Debt Report** **Fiscal Year Ended March 31, 2023**

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<b>Schedule 1</b>	<b>Schedule of Debt - State Revolving Fund</b>
<b>Schedule 2</b>	<b>Schedule of Debt - Private Activity Bonds</b>
<b>Schedule 3</b>	<b>Detail of Costs of Issuance</b>

NYS Environmental Facilities Corporation  
Schedule of Debt for Fiscal Year Ended March 31, 2023  
State Revolving Fund

Schedule 1

Series	Date of Issuance	Original Par	Outstanding 3/31/22	Redeemed	Issued	Outstanding 3/31/23	Maturity	Interest Rates
2004C	4/7/2004	245,965,000	61,250,000	4,655,000		56,595,000	6/15/2033	3.10%-5.25%
2010B	2/11/2010	196,460,000	167,985,000	5,915,000		162,070,000	6/15/2039	4.005%-5.807%
2011A	3/17/2011	132,745,000	535,000	535,000		-	8/15/2022	3.00%-5.00%
2012A	5/31/2012	496,145,000	180,305,000	180,305,000		-	6/15/2029	2.00%-5.00%
2012B	6/21/2012	88,950,000	40,180,000	5,510,000		34,670,000	2/15/2042	2.00%-5.00%
2012C	6/21/2012	14,440,000	5,525,000	1,220,000		4,305,000	12/15/2029	0.504%-3.684%
2012D	7/12/2012	316,790,000	100,370,000	100,370,000		-	6/15/2028	2.00%-5.00%
2012E	11/15/2012	98,640,000	59,665,000	4,380,000		55,285,000	11/15/2042	1.00%-5.00%
2012F	11/15/2012	33,465,000	5,335,000	2,525,000		2,810,000	11/15/2024	0.25%-2.806%
2013A	7/11/2013	401,090,000	256,770,000	20,680,000		236,090,000	6/15/2033	3.00%-5.00%
2013B	8/1/2013	166,585,000	108,840,000	8,565,000		100,275,000	5/15/2043	2.00%-5.00%
2014A	3/27/2014	347,385,000	241,630,000	17,855,000		223,775,000	6/15/2034	2.00%-5.00%
2014B	7/2/2014	213,635,000	149,850,000	8,955,000		140,895,000	5/15/2044	1.00%-5.00%
2015A	7/2/2015	219,770,000	173,465,000	8,255,000		165,210,000	6/15/2045	2.00%-5.00%
2015B	8/20/2015	80,520,000	66,040,000	2,330,000		63,710,000	3/15/2045	2.00%-5.00%
2015C	8/20/2015	31,370,000	18,020,000	2,065,000		15,955,000	7/15/2030	.50%-3.82%
2015D	8/20/2015	367,455,000	233,530,000	21,415,000		212,115,000	3/15/2037	2.00%-5.00%
2016A	6/29/2016	500,955,000	433,385,000	16,265,000		417,120,000	6/15/2046	2.00%-5.00%
2016B	9/22/2016	104,415,000	90,595,000	2,730,000		87,865,000	8/15/2046	1.00%-5.00%
2016C	9/22/2016	29,260,000	20,605,000	1,740,000		18,865,000	7/15/2039	.75%-3.113%
2017A	4/13/2017	588,745,000	483,800,000	20,090,000		463,710,000	6/15/2046	2.00%-5.00%
2017B	4/13/2017	336,335,000	268,770,000	19,075,000		249,695,000	6/15/2036	1.271%-3.916%
2017C	11/9/2017	91,580,000	79,835,000	2,685,000		77,150,000	6/15/2047	2.00%-5.00%
2017D	11/9/2017	66,445,000	52,140,000	3,675,000		48,465,000	1/15/2047	1.50%-3.751%
2017E	12/14/2017	337,955,000	317,950,000	6,275,000		311,675,000	6/15/2047	3.00%-5.00%
2018A	8/2/2018	319,715,000	241,315,000	11,980,000		229,335,000	6/15/2037	3.00%-5.00%
2018B	11/29/2018	258,340,000	247,825,000	4,420,000		243,405,000	6/15/2048	3.00%-5.00%
2019A	6/13/2019	120,700,000	112,330,000	2,765,000		109,565,000	2/15/2049	3.00%-5.00%
2019B	10/8/2019	339,475,000	327,220,000	11,160,000		316,060,000	6/15/2049	3.00%-5.00%
2020A	4/8/2020	171,385,000	165,545,000	7,625,000		157,920,000	6/15/2049	4.00%-5.00%
2020B	12/17/2020	123,110,000	118,580,000	3,900,000		114,680,000	10/15/2050	3.00%-5.00%
2021A	6/30/2021	284,745,000	284,745,000	17,130,000		267,615,000	6/15/2041	3.00%-5.00%
2021B	12/9/2021	144,540,000	143,365,000	7,220,000		136,145,000	8/15/2050	4.00%-5.00%
2022A	4/21/2022	413,005,000		-	413,005,000	413,005,000	6/15/2051	4.00%-5.00%
2022B	12/6/2022	326,775,000		1,410,000	326,775,000	325,365,000	9/15/2052	5.00%-5.25%
		8,008,890,000	5,257,300,000	535,680,000	739,780,000	5,461,400,000		

Note

The above bonds are special limited obligations, payable solely from amounts pledged as security. Pledged recipient payments are the primary source of payment on the above bonds.

**NYS Environmental Facilities Corporation**  
**Schedule of Debt for Fiscal Year Ended March 31, 2023**  
**Private Activity Bonds**

**Schedule 2**

Series	Borrower	Date of Issuance	Original Par	Outstanding 3/31/22	Redeemed	Issued	Outstanding 3/31/23	Maturity
2012	Waste Management	5/2012	25,000,000	25,000,000	-	-	25,000,000	5/1/2030
2014	Casella Waste	12/2014	25,000,000	25,000,000	-	-	25,000,000	12/1/2044
2014R-2	Casella Waste	6/2016	15,000,000	15,000,000	-	-	15,000,000	12/1/2044
2020R-1	Casella Waste	9/2020	40,000,000	40,000,000	-	-	40,000,000	9/1/2050
			105,000,000	105,000,000	-	-	105,000,000	

**Note**

The above bonds are special obligation revenue bonds payable solely from funds provided by the underlying borrower.

**NYS Environmental Facilities Corporation**  
**Detail of Costs of Issuance for Fiscal Year Ended March 31, 2023**

**Schedule 3**

**Series 2022A (NYCMWFA) - Closed 04/21/2022**

<u>Description</u>	<u>Actual</u>
Bond Counsel	130,000.00
Financial Advisor	135,000.00
Printer	1,055.72
Verification Agent	1,100.00
Trustee and Counsel	15,434.04
S&P	119,212.00
Moody's	38,026.11
Fitch	77,000.00
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	516,827.87

**Series 2022B (2010 MFI) - Closed 12/06/2022**

<u>Description</u>	<u>Actual</u>
Bond Counsel	160,000.00
Financial Advisor	195,000.00
Printer	920.01
Trustee and Counsel	24,630.80
S&P	119,475.00
Moody's	155,000.00
Fitch	77,000.00
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	732,025.81