



**MINUTES OF THE JOINT MEETING
OF THE FINANCE COMMITTEE
March 12, 2024**

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Minutes of the joint meeting of the New York Power Authority and Canal Corporation's Finance Committee held via videoconference at approximately 8:30 a.m.

Members of the Finance Committee present were:

John Koelmel - Chair
Dennis Trainor
Michael Cusick
Cecily Morris
Lewis M. Warren, Jr.
Laurie Wheelock
Bethaida González

Also in attendance were:

Justin E. Driscoll	President and Chief Executive Officer
Philip Toia	President – NYPA Development
Adam Barsky	Executive Vice President and Chief Financial Officer
Joseph Kessler	Executive Vice President and Chief Operating Officer
Daniella Piper	Executive Vice President and Chief Innovation Officer
Lori Alesio	Executive Vice President & General Counsel – Legal Affairs
Yves Noel	Senior Vice President and Chief Strategy Officer
Robert Piascik	Senior Vice President and Chief Information & Technology Officer
Alexis Harley	Senior Vice President and Chief Risk and Resiliency Officer
Joseph Leary	Senior Vice President and Senior Advisor – Executive Office
David Mellen	Senior Vice President and Regional Manager
John Canale	Senior Vice President – Strategic Supply Management
Patricia Lombardi	Senior Vice President – Project Delivery
Angela Gonzalez	Senior Vice President – Internal Audit
Karina Saslow	Senior Vice President – Human Resources
Charles Imohiosen	Senior Vice President, Communications and External Affairs
John Canale	Senior Vice President Strategic Supply Management
Andrew Boulais	Vice President of Project and Construction Management
Girish Behal	Vice President of Project and Business Development
Karen Delince	Vice Present and Corporate Secretary
Carley Hume	Chief of Staff and Vice President of Policy
Victor Costanza	Interim Chief Info Security Officer
Christopher Vitale	Director – Projects
Lorna Johnson	Senior Associate Corporate Secretary
Sheila Quatrocci	Senior Associate Corporate Secretary
Michele Stockwell	Senior Assistant Corporate Secretary

Chair John Koelmel presided over the meeting. Corporate Secretary Delince kept the Minutes.

Introduction

Chair John Koelmel welcomed committee members and the Authority's senior staff to the meeting. He said that the meeting has been duly noticed as required by New York State's Open Meetings Law and called the meeting to order pursuant to Section B(4) of the Finance Committee Charter.

1. Adoption of the March 12, 2024 Proposed Meeting Agenda

On motion made by member Dennis Trainor and seconded by member Lewis Warren, Jr., the agenda for the meeting was adopted.

Conflicts of Interest

Chair Koelmel and members Trainor, Morris, Wheelock, Warren and Cusick declared no conflicts of interest based on the list of entities previously provided for their review.

2. Motion to Conduct an Executive Session

On motion made by member Dennis Trainor and seconded by member Bethaida González, an Executive Session was held to discuss the financial and credit history of a particular corporation pursuant to §105(f) of the New York State Public Officers Law.

3. Motion to Resume Meeting in Open Session

On motion made by member Dennis Trainor and seconded by member Lewis Warren, Jr., the meeting resumed in open session.

Chair Koelmel stated that no votes were taken during the Executive Session.

4. DISCUSSION AGENDA:

a. Financial Operations

i. Chief Financial Officer Report

Mr. Adam Barsky, Executive Vice President and Chief Financial Officer, provided an update on the report to the members.

Year-to-Date Actuals through January 31, 2024

The Authority experienced headwinds at the beginning of the year because natural gas prices had declined significantly. At the beginning of the budget process gas prices were approximately \$3.50; today, they are under \$2.00. In addition, the months of January and February were warmer than expected, which also presented a challenge for the Authority. However, the Authority's Hedging program was very effective and provided protection against the drop in prices. Also, the warmer weather and no

significant ice-jam issues in the North country led to better results, approximately 10%, from the generation assets. Based on the preliminary results, the Authority is operating slightly ahead of its targeted expenses, and there are no significant issues to be reported.

2024 Year-End Projection

To date, the Authority is sufficiently maintaining its budget and targets.

High Voltage Equipment Lead Time and Cost Trend

As it relates to the supply chain and how it affects some of the Authority's projects, the Authority is experiencing increases in cost with respect to the purchase of specialty items and equipment for its transmission projects. Also, lead times for delivery are significantly longer, in some cases from 26 months to 60 months, to get in the que to secure high voltage equipment. In addition, challenges with the Panama Canal not having significant depths of water, and the geopolitical issues that are taking place in the Mid-East around the Red Sea are presenting challenges with items coming through that region. The Authority will therefore need to diversify its suppliers and find other suppliers to order the equipment necessary for its projects.

Mr. Barsky continued that, for situational awareness, there has been a steady increase in prices for power transformer items, with a significant increase from 2020 until today, 2024. Many companies are buying the same equipment, which is very specialized, and, in some cases, with a life of 30 to 40 years. There is a limited number of suppliers that provide this specialized equipment which would not warrant increasing manufacturing capacity to meet demand. The result is a bottleneck in long-lead times and higher prices, which is what the Authority is currently experiencing.

ii. **Release of Funds in Support of the New York State Canal Corporation for Q2 2024**

Mr. Adam Barsky, Executive Vice President and Chief Financial Officer, provided highlights of staff's recommendation to the members. He said that staff is requesting that the Finance Committee recommend that the Board of Trustees approve the release of \$27 million in funding to the New York State Canal Corporation ("Canal Corporation") to support its operations.

On motion made by member Dennis Trainor and seconded by member Cecily Morris the following resolution, as recommended by the President and Chief Executive Officer was unanimously adopted.

RESOLVED, That the Finance Committee hereby recommends that the New York Power Authority Board of Trustees authorize the release of up to \$27.0 million in funding to the Canal Corporation to support operations of the Canal Corporation in Q2 2024, as discussed in the foregoing report of the President and Chief Executive Officer; and be it further

RESOLVED, That the Finance Committee recommends that the New York Power Authority Board of Trustees affirm that amounts presently set aside as reserves in the Operating Fund are adequate for the purposes specified in Section 503.2 of the Authority's General Resolution Authorizing Revenue Obligations, dated February 24, 1998, as amended and supplemented (the "General Bond Resolution"), that the amount of up to \$27.0 million in funding as described in the foregoing report is not needed for any of the purposes specified in Section 503.1(a)-(c) of the General Bond Resolution and that the release of such amount is feasible and advisable; and be it further

RESOLVED, That the Finance Committee recommends that the New York Power Authority Board of Trustees affirm that as a condition to making the payments

specified in the foregoing report, on the day of such payments, either the Executive Vice President & Chief Financial Officer or the Treasurer shall certify that such monies are not then needed for any of the purposes specified in Section 503.1(a)-(c) of the General Bond Resolution; and be it further

RESOLVED, That the Chair, the President and Chief Executive Officer, and all other officers of the Authority be, and each of them hereby is, authorized on behalf of the Authority and Canal Corporation to do any and all things, take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.

iii. Voluntary Contribution of Funds to State Energy Programs

Mr. Adam Barsky, Executive Vice President and Chief Financial Officer, provided highlights of staff's recommendation to the members. He said that staff is requesting that the Finance Committee recommend that the Board of Trustees approve the release of \$10 million in funds to the State in support of statewide energy programs. He continued that this authorization will not affect the Authority's debt-service coverage ratios; therefore, it is deemed feasible and advisable to authorize this voluntary contribution.

On motion made by member Dennis Trainor and seconded by member Lewis Warren, Jr., the following resolution, as recommended by the President and Chief Executive Officer was unanimously adopted.

RESOLVED, That the Finance Committee hereby recommends that the New York Power Authority Board of Trustees authorize the release of funds from the Operating Fund to the State's general fund in the amount of \$10 million as authorized by Section 18 of Part PP of Chapter 56 of the Laws of 2023 as discussed in the foregoing memorandum of the President and Chief Executive Officer; and be it further

RESOLVED, That the Finance Committee recommends that the New York Power Authority Board of Trustees affirm that amounts presently set aside as reserves in the Operating Fund are adequate for the purposes specified in Section 503.2 of the Authority's General Resolution Authorizing Revenue Obligations, as amended and supplemented (the "General Bond Resolution") and that the amount of \$10 million to be released to the State's general fund described in the foregoing memorandum is not needed for any of the purposes specified in Section 503.1(a)-(c) of the Authority's General Bond Resolution and that such release is deemed feasible and advisable; and be it further

RESOLVED, That the Finance Committee recommends that the New York Power Authority Board of Trustees affirm that as a condition to making the payments specified in the foregoing resolution, on the day of such payments, either the Executive Vice President & Chief Financial Officer or the Treasurer shall certify that such monies are not then needed for any of the purposes specified in Section 503.1(a)-(c) of the Authority's General Bond Resolution; and be it further

RESOLVED, That the Chair, the President and Chief Executive Officer, and all other officers of the Authority be, and each of them hereby is, authorized on behalf of the Authority and Canal Corporation to do any and all things, take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.

b. Utility Operations

i. East Garden City Substation Upgrade Capital Expenditure Authorization Request and Approval to Execute Development Agreement

Mr. Andrew Boulais, Vice President of Project and Construction Management, provided highlights of staff's recommendation to the members. He said that staff is requesting that the Finance Committee recommend that the Board of Trustees approve the execution of the Development Agreement ("DA") with the New York Independent System Operator, Inc. ("NYISO") for the release of initial capital expenditures in the amount of \$50 million.

He continued that this substation upgrade is a designated public policy project for the New York Independent System Operator, Long Island Offshore Wind Export Public Policy Transmission Need, accepted by the Authority as the incumbent transmission owner. Pursuant to the Federal Energy Regulatory Commission approved open access transmission tariff, incumbent transmission owners retain the right to build, own, operate, and recover costs for upgrades to their facilities. As per the tariff, the ISO requires the incumbent transmission owner to execute a Development Agreement as proposed by the selected developer in the solicitation.

He further stated that the targeted date for the execution of the agreement is March 29, 2024, to meet the ISO's required in-service date of May 2029. A portion of the project was previously approved by the Board and is included in the 2024 Capital Plan. The initial expenditure of \$50 million is for securing production slots for long lead-time items; down payments for design of those major equipment, land acquisitions, and initiation of regulatory filings, including abandonment incentives.

On motion made by member Dennis Trainor and seconded by member Bethaida González the following resolution, as recommended by the President and Chief Executive Officer was unanimously adopted.

RESOLVED, that the Finance Committee recommends that the Trustees approve the execution of the New York Independent System Operator Inc.'s Development Agreement for the East Garden City Substation Upgrade Project, as recommended in the foregoing report of the President and Chief Executive Officer, and be it further;

RESOLVED, that the Finance Committee recommends that the Trustees approve, pursuant to the Authority's Capital Planning and Budgeting Procedures, the release of initial capital expenditures in the amount of \$50 million to move forward with the initial stages of the East Garden City Substation Upgrade in accordance with, and as recommended in, the foregoing report of the President and Chief Executive Officer, and be it further;

RESOLVED, That the Authority, in accordance with Treasury Regulation Section 1.150-2, hereby declares its official intent to finance as follows: The Authority intends to reimburse to the maximum extent permitted by law with the proceeds of tax-exempt obligations to be issued by the Authority, all expenditures made and which may be made in accordance with the Project described in the foregoing report of the President and Chief Executive Officer, and be it further;

RESOLVED, That the Chair, the President and Chief Executive Officer, and all other officers of the Authority be, and each of them hereby is, authorized on behalf of the Authority and Canal Corporation to do any and all things, take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.

5. CONSENT AGENDA:

On motion made by member Dennis Trainor and seconded by member Lewis Warren, Jr., the Consent Agenda was unanimously adopted.

a. NYPA Development

i. Propel NY - Approval to Execute Development Agreement with the New York Independent System Operator

Mr. Girish Behal, Vice President of Project and Business Development, provided highlights of staff's recommendation to the members. He said that staff is requesting that the Finance Committee recommend that the Board of Trustees approve the execution of the Development Agreement ("DA") with the New York Independent System Operator, Inc. ("NYISO") to deliver the Propel NY Alternative Solution 5 Transmission Project ("Project").

On motion made by member Dennis Trainor and seconded by Lewis Warren, Jr., the following resolution, as recommended by the President and Chief Executive Officer, was unanimously adopted.

RESOLVED, that the Finance Committee recommends that the Trustees approve the execution of the New York Independent System Operator's Development Agreement for the Propel NY Project, and as recommended in, the foregoing report of the President and Chief Executive Officer, and be it further;

RESOLVED, That the Chair, the President and Chief Executive Officer, and all other officers of the Authority be, and each of them hereby is, authorized on behalf of the Authority and Canal Corporation to do any and all things, take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.

b. Governance

i. Approval of the Minutes of the Joint Meeting held on January 23, 2024

On motion made by member Dennis Trainor and seconded by member Lewis Warren, Jr., the Minutes of the joint meeting held on January 23, 2024 were unanimously adopted.

6. Next Meeting

Chair John Koelmel stated that the next regular meeting of the Finance Committee is to be held on May 7, 2024.

Closing

On a motion made by Member Dennis Trainor and seconded by member Lewis Warren, Jr., the meeting was adjourned at approximately 9:36 a.m.

Karen Delince

Karen Delince
Corporate Secretary