



**MINUTES OF THE JOINT MEETING
OF THE FINANCE and RISK COMMITTEE
March 18, 2021**

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Minutes of the joint meeting of the New York Power Authority and Canal Corporation's Finance and Risk Committee held via videoconference at approximately 10:30 a.m.

Members of the Finance Committee present were:

Tracy B. McKibben - Chair
John R. Koelmel
Eugene Nicandri
Dennis Trainor
Michael Balboni
Anthony Picente, Jr.

Also in attendance were:

Gil Quiniones	President and Chief Executive Officer
Justin Driscoll	Executive Vice President and General Counsel
Adam Barsky	Executive Vice President and Chief Financial Officer
Joseph Kessler	Executive Vice President and Chief Operating Officer
Kristine Pizzo	Executive Vice President and Chief Human Resources & Administrative Officer
Sarah Salati	Executive Vice President and Chief Commercial Officer
Phil Toia	President – NYPA Development
Daniella Piper	Regional Manager and CTO
Robert Piascik	Senior Vice President and Chief Information & Technology Officer
Angela Gonzalez	Senior Vice President – Internal Audit
Keith Hayes	Senior Vice President – Clean Energy solutions
Scott Tetenman	Senior Vice President – Finance
Karen Delince	Vice President and Corporate Secretary
Joseph Gryzlo	Vice President and Chief Ethics & Compliance Officer
Andriene Lotto	Vice President and Chief Risk & Resilience Officer
John Canale	Vice President – Strategic Supply Management
Diane Levin	Vice President – Marketing & Product Development
Eric Meyers	Vice President – Chief Information Security Officer
Anne Reasoner	Vice President – Budgets and Business Controls
Andy Boulais	Acting Vice President – Project Management
Vincent Esposito	Assistant General Counsel – Commercial Operations & Legal Affairs
James Levine	Assistant General Counsel – Finance & Bonds
Thakur Sundeep	Controller
Thomas Spencer	Senior Director – Enterprise & Operational Risk
Tabitha Robinson-Zogby	Director – Program Operations
Carley Hume	Deputy Chief of Staff
Christopher Vitale	Finance Performance & Reporting Manager
Mary Cahill	Manager – Executive Office
Lorna Johnson	Senior Associate Corporate Secretary
Sheila Quatrocci	Associate Corporate Secretary
Michele Stockwell	Project Coordinator – Executive Office

Chairperson Tracy McKibben presided over the meeting. Corporate Secretary Delince kept the Minutes.

Introduction

Chairperson Tracy McKibben welcomed committee members and the Authority's senior staff to the meeting. She said that the meeting had been duly noticed as required by the Open Meetings Law and called the meeting to order pursuant to Section B(4) of the Finance Committee Charter.

1. **Adoption of the March 18, 2021 Proposed Meeting Agenda**

On motion made by member Eugene Nicandri and seconded by member Dennis Trainor, the agenda for the meeting was adopted, as amended.

Conflicts of Interest

Chairperson McKibben and members Koelmel, Nicandri, Picente, Balboni and Trainor declared no conflicts of interest based on the list of entities previously provided for their review.

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

Mr. Chairman, I move that the Committee conduct an executive session to discuss the financial and credit history of a particular corporation and matters regarding public safety and security pursuant to Section 105 of the Public Officers Law. On motion made by member Dennis Trainor and seconded by member Eugene Nicandri, the members conducted an executive session.

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

I move that the meeting resume in open session. On motion made by member Dennis Trainor and seconded by member Eugene Nicandri, the meeting resumed in open session.

Chairperson McKibben said no votes were taken during the executive session.

4. **DISCUSSION AGENDA**

a. **Financial Operations**

i. **Chief Risk & Resilience Officer's Report**

Ms. Adrienne Lotto, Chief Risk & Resilience Officer, provided highlights of the Risk and Resilience Activities to the committee (Exhibit "4a i-A"). She said that with the foresight and vision of the Board and the Authority's Executive Management, the Resilience Department recently joined with Risk Management.

Risk and Resilience – Creating a Stronger NYPA

The integrated vision is for the Risk and Resilience teams working closely with stakeholders across NYPA and Canals. The teams will operationalize this vision in the coming weeks and will regularly provide updates on the progress to the committee. Collectively, the teams plan to work together to manage and mitigate risks, and ensure that they are utilizing the ISO 3100 framework and identifying, discussing and responding to NYPA's risks.

Risk Management and Resilience 2021 Goals

One of the first steps in integrating the two teams was to create joint Business Unit goals tied to the VISION2030 Strategic Plan. For example, the Foundational Pillar of Digitization, with Enterprise Resilience as a Pillar, the teams will have goals around the ECRM and EGRC tools for advancement regarding Risk Management & Resilience's Business Continuity Plans and Business Impact Analysis. This in order to utilize the Business Unit's goals to create an understanding and a culture of risk and resilience throughout all of NYPA.

EGRC Roadmap

By utilizing the EGRC tool, the teams are hoping to develop a multiple approach across the risk function in each of the Business Units in one integrated environment. As part of these collective efforts, Risk and Resilience management plans to continue to promote awareness of the capabilities of the system and have begun, and will continue, to provide training for employees, while continuing to ensure that they are using this tool to advance and provide insight into their risk registers.

NYPA Enterprise Risk Assessment

The teams have recently conducted a Risk Assessment to validate and understand NYPA's existing risk in mitigation. This assessment is done every year to ensure and to understand whether or not there has been any shifts in the Authority's risk profile. This year, for the first time, the team used the EGRC tool to conduct this assessment. They are currently analyzing that data and will make a presentation to the Committee once the results have been finalized.

ii. **Chief Financial Officer's Report**

Mr. Adam Barsky, Executive Vice President and Chief Financial Officer, provided highlights of the report to the Committee. (Exhibit "4a ii-A")

Year-to-Date Actuals through February 28, 2021

Staff is in the process of firming up the end-of-year forecasting, which will be provided to the Board at its March 30th meeting.

To date, the Authority is on target to meeting its financial plan. Revenue is lower than expected because of lower generation; however, this has been offset by expenses running lower as well. Staff do not foresee any changes that would change the outlook between now and the end of the year.

iii. **Release of Funds in Support of the New York State Canal Corporation**

The President and Chief Executive Officer submitted the following report:

SUMMARY

The Trustees will be requested at their March 30, 2021 meeting to authorize the release of an additional up to \$22.9 million in funding to the New York State Canal Corporation (“Canal Corporation”) to support the operations of the Canal Corporation in calendar year 2021. The amount requested is 25% of the Canal Corporation’s 2021 O&M Budget.

The Finance and Risk Committee is requested to recommend to the Trustees the release of this additional funding.

BACKGROUND

The Authority has been authorized to provide financial support for the Canal Corporation. See, e.g., Public Authorities Law § 1005-b(2). However, certain expenditures associated therewith do not constitute Capital Costs or Operating Expenses (‘Operating Expenses’) as defined in the Authority’s General Resolution Authorizing Revenue Obligations dated February 24, 1998, as amended and supplemented (‘Bond Resolution’). Expenditures for the Canal Corporation’s operating purposes that do not constitute Capital Costs or Operating Expenses must satisfy the requirements of the Authority’s Bond Resolution relating to the release of funds from the trust estate created by the Bond Resolution for lawful corporate purposes. In addition, as set forth in the Trustees’ Policy Statement dated May 24, 2011, a debt service coverage ratio of 2.0 is to be used as a reference point in considering any such release of funds.

The Bond Resolution permits the Authority to withdraw monies ‘free and clear of the lien and pledge created by the [Bond] Resolution’ provided that (a) such withdrawals must be for a ‘lawful corporate purpose as determined by the Authority,’ and (b) the Authority must determine, taking into account among other considerations anticipated future receipt of revenues or other moneys constituting part of the Trust Estate, that the funds to be so withdrawn are not needed for (i) payment of reasonable and necessary operating expenses, (ii) an Operating Fund reserve in amounts determined by the Authority to be adequate for working capital, emergency repairs or replacements, major renewals or for retirement from service, decommissioning or disposal of facilities, (iii) payment of, or accumulation of a reserve for payment of, interest and principal on senior debt or (iv) payment of interest and principal on subordinate debt.

Under the Bond Resolution, Capital Costs (which includes capital costs related to the Canal Corporation) may be paid without satisfying the provision described above.

DISCUSSION

With this authorization, the Trustees will have authorized the release of a cumulative \$45.8 million, an amount equal to 50% of the Canal Corporation’s 2021 O&M Budget. With regard to Canal Corporation’s operating expenses in excess of \$91.6 million in calendar year 2021, staff is not requesting any action at this time, but will return to the Board to request additional releases, as needed.

Staff has reviewed the effect of releasing up to an additional \$22.9 million in funding at this time on the Authority’s expected financial position and reserve requirements. In accordance with the Board’s Policy Statement adopted May 24, 2011, staff calculated the impact of this release, together with the last 12 months releases including (i) the release of \$30 million in Recharge New York Discounts for 2020, (ii) the release of up to \$91.0 million in Canal-related operating expenses for 2020, (iii) the release of up to

\$2 million in Western NY Power Proceeds net earnings, and (iv) the release of up to \$1 million in Northern NY Power proceeds net earnings, on the Authority's debt service coverage and determined it would not fall below the 2.0 reference level. Based on the Authority's Four-Year Budget and Financial Plan, the 2.0 reference point level is forecasted to be met at each year-end of the forecast period 2021-2024. Given the current financial condition of the Authority, its estimated future revenues, operating expenses, debt service and reserve requirements, staff is of the view that it will be feasible for the Authority to release such amounts from the trust estate created by the Bond Resolution consistent with the terms thereof.

FISCAL INFORMATION

Staff has determined that sufficient funds are available in the Operating Fund to release an additional up to \$22.9 million in funding to support the operation of the Canal Corporation in calendar year 2021. Staff has further determined that the amounts presently held in reserves in the Operating Fund are adequate for the purposes specified in Section 503.2 of the Authority's Bond Resolution and that such Authority funds are not needed for any of the purposes specified in Section 503(1)(a)-(c) of the Authority's Bond Resolution.

The expenses associated with the operations of the Canal Corporation for calendar year 2021 were included in the Canal Corporation's 2021 O&M Budget and the Authority's 2021 Budget.

RECOMMENDATION

The Chief Financial Officer and the Finance and Risk Committee recommend that the Trustees authorize the release of an additional up to \$22.9 million in funding to the Canal Corporation to support the operations of the Canal Corporation in calendar year 2021. The Chief Financial Officer further recommends that the Trustees affirm that such release is feasible and advisable, that the amounts presently set aside as reserves in the Operating Fund are adequate for the purposes specified in Section 503.2 of the Authority's Bond Resolution, and that the amount of up to \$22.9 million is not needed for any of the purposes specified in Section 503(1)(a)-(c) of the Authority's Bond Resolution.

For the reasons stated, I recommend the approval of the above-requested action by adoption of the resolution below."

Mr. Adam Barsky, Executive Vice President and Chief Financial Officer, provided highlights of the recommendation to the committee. He said the Canal Corporation's expenses are slightly under the budget and they are operating according to the original plan. Therefore, staff is recommending the release of the next quarterly funds to the NYS Canal Corporation.

On motion made by member John Koelmel and seconded by member Eugene Nicandri, the following resolution, as recommended by the President and Chief Executive Officer, was unanimously adopted.

RESOLVED, That the Finance and Risk Committee recommends that the Trustees authorize the release of an additional up to \$22.9 million in funding to the Canal Corporation to support operations of the Canal Corporation in calendar year 2021, as discussed in the foregoing report of the President and Chief Executive Officer; and be it further

RESOLVED, That the Finance and Risk Committee recommends that the Trustees affirm the amounts presently set aside as reserves in the Operating Fund are

adequate for the purposes specified in Section 503.2 of the Authority's Bond Resolution, that the amount of up to \$22.9 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 Authority's General Resolution Authorizing Revenue Obligations, as amended and supplemented, and that the release of such amount is feasible and advisable; and be it further

RESOLVED, That Finance and Risk Committee recommends that the Trustees affirm that as a condition to making the payments specified in the foregoing report, on the day of such payments, 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 Resolution Authorizing Revenue Obligations, as amended and supplemented; and be it further

RESOLVED, That the Finance and Risk Committee recommends that the Trustees affirm that the Chairman, the Vice Chairman, the President and Chief Executive Officer, the Chief Operating Officer, the Executive Vice President and General Counsel, the Executive Vice President and Chief Financial Officer, the Corporate Secretary, the Treasurer and all other officers of the Authority be, and each of them hereby is, authorized and directed, for and in the name and on behalf of the Authority, to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements and other documents that they, or any of them, may deem necessary or advisable to effectuate the foregoing resolution, subject to approval as to the form thereof by the Executive Vice President and General Counsel.

iv. **Amendment and Restatement of Commercial Paper Authorization**

The President and Chief Executive Officer submitted the following report:

“SUMMARY

The Trustees will be requested at their March 30, 2021 meeting to adopt a resolution amending and restating the Authority’s existing commercial paper notes authorization to (a) consolidate the various changes to the maximum principal amount and permitted uses of proceeds which have been previously approved over the years in the form of individual Board of Trustee resolutions and supplemental resolutions, (b) move determinations of the number of series and subseries and the size of each such series or subseries from the Board of Trustees level to the Authority’s officers, subject to existing limitations approved by the Board of Trustees, (c) move determinations of the allocation of taxable and tax-exempt commercial paper notes from the Board of Trustees level to the Authority’s officers, (d) modernize the Authority’s tax covenants and (e) modernize various references to exist resolutions and prior bond series.

The Finance and Risk Committee is requested to recommend to the Trustees the approval of the aforementioned.

BACKGROUND

The Authority is authorized to issue bonds for the purpose of financing any authorized project and to issue notes in the same manner as bonds. See, e.g., Public Authorities Law §1010 and §1009-a. The Authority’s commercial paper notes authorization was first adopted in 1994, amended and restated in 1997, supplemented in 1998, further supplemented twice in 1999, further supplemented in 2002, further supplemented in 2006 and most recently supplemented in 2020. Each such amendment or supplement revised, or provided additional authorization to the Authority to administer, various components of its commercial paper program. The purpose of today’s request is to consolidate all existing authority into a single authorization, along with the other purposes identified above.

DISCUSSION

With this authorization, the Trustees will have authorized the amendment and restatement of the Authority’s Commercial Paper Resolution. This amendment and restatement will provide the Authority’s officers with the necessary tools to support the commercial paper program for both tax-exempt and taxable issuances in accordance with the Authority’s current requirements.

FISCAL INFORMATION

Total authorized Commercial Paper outstanding at any time may not exceed \$1,420,000,000. At present, the Commercial Paper Notes are supported by a 2019 Revolving Credit Facility for an amount of up to \$700,000,000 and a 2020 Revolving Credit facility for an amount of up to \$250,000,000. As at February 24, 2021, outstandings under the Commercial Paper program totaled \$482,175,000 consisting of \$5,000,000 of EMCP, \$65,604,000 of taxable issuances supporting the defeasance of the Authority’s 2011A Revenue Bonds, \$9,399,000 of taxable Commercial Paper supporting Energy Efficiency loans and the remaining \$402,172,000 supporting Tax-Exempt Energy Efficiency loans.

RECOMMENDATION

The Executive Vice President and Chief Financial Officer requests that the Finance and Risk Committee recommend that the Trustees adopt the Second Amended and Restated Resolution Authorizing Commercial Paper Notes.

For the reasons stated, I recommend the approval of the above-requested action by adoption of the resolution below.”

Mr. Adam Barsky, Executive Vice President and Chief Financial Officer, provided highlights of the recommendation to the committee.

On motion made by member John Koelmel and seconded by member Eugene Nicandri, the following resolution, as recommended by the President and Chief Executive Officer, was unanimously adopted.

RESOLVED, that the Finance and Risk Committee recommends that the Trustees adopt the Second Amended and Restated Resolution Authorizing Commercial Paper Notes (the “Second Amended CP Resolution”) attached hereto and as discussed in the foregoing report of the President and Chief Executive Officer; and be it further

RESOLVED, that the Finance and Risk Committee recommends that the Trustees affirm that the Chairman, the Vice Chairman, the President and Chief Executive Officer, the Chief Operating Officer, the Executive Vice President and General Counsel, the Executive Vice President and Chief Financial Officer, the Corporate Secretary, the Treasurer and all other officers of the Authority be authorized and directed, for and in the name and on behalf of the Authority, to deliver the Second Amended CP Resolution to the Issuing and Paying Agent (as defined in the Second Amended CP Resolution), with such amendments, supplements, changes, insertions and omissions thereto as may be approved by the Chairman or the President and Chief Executive Officer, which amendments, supplements, insertions and omissions shall be deemed to be part of such resolution as approved and adopted by the Authority and to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements and other documents and amendments thereto that they, or any of them, may deem necessary or advisable to effectuate the foregoing resolution, subject to approval as to the form thereof by the Executive Vice President and General Counsel.

b. Utility Operations

**i. St. Lawrence-FDR Power Project
Water Ball Replacement Project
Capital Expenditure Authorization Request and Contract Award**

The President and Chief Executive Officer submitted the following report:

“SUMMARY

The Trustees will be requested at their March 30, 2021 meeting to authorize capital expenditures in the amount of \$9,041,540, for the St. Lawrence-FDR Power Project ('STL') Water Ball Replacement Project ('Project').

Capital expenditures in the amount of \$2,377,792 were previously approved by the President and Chief Executive Officer bringing the total estimated Project cost to \$11,419,315.

The Trustees will also be requested to approve the award of a three-year construction services contract to Con Tech Building Systems, Inc. ('Con Tech') of Gouverneur, NY in the amount of \$4,908,292.60 for fabrication and installation of a new water tower.

The Finance and Risk Committee is requested to recommend to the Trustees to approve the aforementioned capital expenditures and contract award.

BACKGROUND

In accordance with the Authority's Capital Planning and Budgeting Procedures, capital expenditures in excess of \$6 million require Trustee approval.

Section 2879 of the Public Authorities Law and the Authority's Guidelines for Procurement Contracts requires Trustee approval for procurement contracts involving services to be rendered for a period in excess of one year.

Additionally, in accordance with the Authority's Expenditure Authorization Procedures, the award of non-personal services contracts exceeding \$6 million requires Trustee approval.

The existing water ball is original to STL and was custom designed to fit the needs of the Authority at that time. The original purpose of the water ball was to provide head pressure for the fire protection systems for STL. The original design incorporated a heating system that included two fuel oil low-pressure boilers and equipment in an adjoining boiler house to prevent the water from freezing. The boilers were replaced several years ago as a separate project.

Since its original construction, the intended use of the water ball has changed. Currently, the water ball not only supports the fire protection systems, but also acts as a contact chamber for the STL's potable water which is pumped from the intake at the dam to the water ball and circulated back to the dam and other areas. The boilers continue to be for freeze protection; however, based on recent inspections, they are very inefficient, burning thousands of gallons of fuel oil per year, which require daily maintenance.

Boiler maintenance has continued to increase and the corrosion on the support structure at the top of the ball has continued to worsen. Based on several inspections and analyses looking at different options, the recommendation is to replace the existing water ball with a new water tower that will require significantly less maintenance in future years.

This Project will provide STL with a new water tower for fire protection and potable water. The scope-of-work under this contract is for the installation of a new glass-lined elevated water tower and ancillary equipment, demolition of the existing boiler house and water ball, new electric service, and site work. The excavation work has been reviewed and previously approved by the Federal Energy Regulatory Commission. This new tower will eliminate the need for a fuel oil boiler house that currently provides heating for the existing water ball.

DISCUSSION

A Request for Proposal ('RFP'), Inquiry No. Q20-7075DKT, was issued through the Authority's Ariba system and was advertised in the NYS *Contract Reporter* on November 5, 2020. A total of eleven (11) firms were invited into the Ariba Event with fifty-six (56) firms having viewed the RFP on the Strategic Supply Management's website. Two (2) proposals were received through Ariba on January 7, 2021. Bidders and their corresponding initial unevaluated bid pricing are set forth below:

Bidder	Location	Unevaluated Bid Amount
Con Tech Building Systems, Inc.	Gouverneur, NY	\$4,908,292.60
Perras Excavating, Inc.	Massena, NY	\$6,542,532.00

Five (5) addenda were issued requesting additional, detailed information and addressing bidders' questions.

The Evaluation Committee, comprised of representatives from Strategic Supply Management, Engineering, Site Operations, Quality Assurance, Environmental, Health and Safety, Project Management, and Program Controls, reviewed and evaluated the proposals based on the evaluation criteria established in the RFP which included: best value, proposal completeness, technical capabilities, ability to meet the schedule, experience in performing similar work, and safety records.

The RFP event was also reviewed for compliance with the New York Buy American Act. The proposals are compliant with the New York Buy American Act and Minority and Women-Owned Business Enterprise requirements; however, Con Tech requested a waiver for the Service-Disabled Veteran-Owned Business ('SDVOB') goal requirement set forth in the contract documents.

Con Tech was determined to be the 'best value' bidder. The company's proposal included a complete project approach, demonstrated its knowledge of the scope-of-work and capability of completing the work in accordance with the required schedule. Con Tech and its team have more than 20 years' experience in water tower construction and demolition. Upon extensive review, interviews, and discussions with Con Tech and its subcontractors, Con Tech has demonstrated the technical capability and manufacturing expertise that is required for this project. This 'best value' proposal also provides the most competitive pricing for this application.

Capital expenditures in the amount of \$2,377,792 was previously approved in March 2018 for preliminary engineering and engineering/design. This capital expenditure request is comprised of the following:

Preliminary Engineering/Licensing	\$ (218,406)
Engineering/Design	\$ 128,921
Procurement	\$ 0
Construction/Installation	\$6,598,825
Project Closeout	\$ 60,000
<u>Authority Direct and Indirect Expenses</u>	<u>\$2,472,200</u>
TOTAL	\$9,041,540

FISCAL INFORMATION

Payment associated with this Project will be made from the Authority’s Capital Fund.

RECOMMENDATION

It is requested that the Finance and Risk Committee recommend that the Trustees approve capital expenditures in the amount of \$9,041,540, and a three-year construction services contract in the amount of \$4,908,292.60 to Con Tech Building Systems, Inc. of Gouverneur, NY for the St. Lawrence-FDR Power Project Water Ball Replacement Project.

For the reasons stated, I recommend the approval of the above-requested action by adoption of the resolution below.”

Mr. Andrew Boulais, Acting Vice President – Project Management, provided highlights of staff’s recommendation to the committee.

On motion made by member John Koelmel and seconded by member Eugene Nicandri, the following resolution, as recommended by the President and Chief Executive Officer, was unanimously adopted.

RESOLVED, That the Finance and Risk Committee recommends that the Trustees authorize capital expenditures in the amount of \$9,041,540 for the St. Lawrence-FDR Power Project – Water Ball Replacement Project 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 will use Capital Funds, which may include proceeds of debt issuances, to finance the costs of the St. Lawrence-FDR Power Project – Water Ball Replacement Project;

<u>Capital</u>	<u>Expenditure Authorization</u>
St. Lawrence-FDR Power Project Water Ball Replacement Project	<u>\$9,041,540</u>

AND BE IT FURTHER RESOLVED, That the Finance and Risk Committee recommends that the Trustees, pursuant to the Guidelines for Procurement Contracts adopted by the Authority and the Authority's Expenditure Authorization Procedures, approve the award of a three-year contract to Con Tech Building Systems, Inc. of Gouverneur, NY, in the amount of \$4,908,292.60 for construction services to complete the aforementioned project as recommended in the foregoing report of the President and Chief Executive Officer.

<u>Contractor</u>	<u>Contract Approval</u>
Con Tech Building Systems, Inc. Gouverneur, NY	<u>\$4,908,292.60</u>
(Q20-7075DKT)	

ii. **On-Call Transmission and Substation Engineering Master Services Agreement**

The President and Chief Executive Officer submitted the following report:

SUMMARY

The Trustees will be requested at their March 30, 2021 meeting, to approve the award of competitively bid contracts related to Q20-7096CC (Transmission and Substation Engineering) over a ten (10) year term. The proposed Contracts are to be awarded to the following firms: AECOM Power E&C, Inc. dba United E&C, Inc. of Piscataway, NJ; Black & Veatch Corporation of Overland Park, KS; Burns & McDonnell Consultants, PC of Kansas City, MO; ECI Engineering Services, PC of Billings, MT; Mott Macdonald NY of Iselin, NJ; and POWER Engineers Incorporated of Hailey, ID, in the aggregate amount of \$100,000,000 (one hundred million dollars).

In order to meet upcoming project schedules interim approval to issue a Request for Proposal was granted on March 9, 2021 and approved by the Chief Operating Officer.

The Finance and Risk Committee is requested to recommend to the Trustees the approval of the aforementioned contract awards.

BACKGROUND

In accordance with the Authority's Guidelines for Procurement Contracts and Expenditure Authorization Procedures ('EAPs'), the award of personal services contracts in excess of \$2,000,000 and/or for a term in excess of one (1) year requires Trustee approval.

On-call contracts with a 5-year duration were put in place in 2016 to provide On-call Engineering services for transmission and substation assets in the aggregate amount of \$25M. These contracts are due to expire in August 2021.

This contract has been scoped such that it aligns with the goals of NYPA's VISION2030 Strategic Plan to support Transmission Expansion as well as New York State's ambitions to be carbon-neutral by 2050. These large transmission projects often take in excess of five (5) years to complete from planning to energization. Previous contracts of a similar nature have only been for a 5-year duration, leading to a loss of productivity and continuity for these types of projects as renewal of contracts can be necessary in the middle of the project. This contract will be awarded for ten (10) years to further VISION 2030, provide more cohesive project teams, and keep project efficiency high.

The Authority issued a Request for Proposal, No. Q20-7096CC, via Ariba e-sourcing which was advertised in the New York State Contract Reporter on November 24, 2020. Twenty-nine (29) firms/entities submitted proposals. Evaluation of the proposals was performed by a multi-functional team (Evaluation Committee) comprised of Project Management ('PM'), Engineering, and Strategic Supply Management ('SSM').

DISCUSSION

Consistent with the Authority's Procurement Guidelines and as specified in the RFP, the proposals were evaluated on the basis of relevant criteria, including capability; experience; scope conformity; safety; ability/availability; licenses/certifications; pricing; ability to meet diversity goals; references; and whether the bidder took exceptions to the Authority's contract terms and conditions. The proposals were given a score based on each of the criteria described above and then ranked. Based on experience with managing the previous on-call contracts, the Evaluation Committee decided on awarding contracts to a minimum of four firms and a maximum of six firms.

Seven firms were invited to give presentations to the Evaluation Committee between February 8, 2021 and February 22, 2021. All firms were given the same format to be used for their presentations ahead of presenting to them the committee which included:

- Overview of Substation Experience – including relevant East Coast and NYPA projects
- Overview of Transmission Experience – including relevant East coast and NYPA projects
- NYISO, NPCC and IEC 61850 Experience
- Key staff members
- How the company can provide NYPA with exceptional service
- Availability to support NYPA, either through co-location at the Authority's White Plains Office or job sites (when safe to do so)

Of the seven presentations, six were selected by the Evaluation Committee based on a strong demonstration in each of the categories above. These were AECOM Power E&C, Inc. dba United E&C, Inc., Black & Veatch Corporation, Burns & McDonnell Consultants, ECI Engineering Services, PC, Mott Macdonald NY, and POWER Engineers Incorporated.

FISCAL INFORMATION

Funding will be allocated as projects are assigned based on each firm's performance and workload, subject to the Approval Limits for Execution of Commitments in the Authority's Expenditure Authorization procedures.

RECOMMENDATION

It is requested that the Finance and Risk Committee recommend that the Trustees approve the award of on-call contracts, related to RFP Q20-7096CC, to each of the following firms: AECOM Power E&C, Inc. dba United E&C, Inc. of Piscataway, NJ; Black & Veatch Corporation of Overland Park, KS; Burns & McDonnell Consultants, PC of Kansas City, MO; ECI Engineering Services, PC of Billings, MT; Mott Macdonald NY of Iselin, NJ; and POWER Engineers Incorporated of Hailey, ID. The award is recommended for an aggregate amount of \$100,000,000 over a term of ten (10) years.

For the reasons stated, I recommend the approval of the above-requested action by adoption of the resolution below.”

Mr. Andrew Boulais, Acting Vice President – Project Management, provided highlights of staff's recommendation to the committee.

On motion made by member John Koelmel and seconded by member Eugene Nicandri, the following resolution, as recommended by the President and Chief Executive Officer, was unanimously adopted.

RESOLVED, That the Finance and Risk Committee recommends that the Trustees authorize the President and Chief Executive Officer, the Chief Operating Officer, and officers designated by the President and Chief Executive Officer to execute agreements and other documents between the Authority, and the following firms:

- **AECOM Power E&C, Inc. dba United E&C**
- **Black & Veatch Corporation**
- **Burns & McDonnell Consultants**
- **ECI Engineering Services**
- **Mott Macdonald NY**
- **POWER Engineers Incorporated**

AND BE IT FURTHER RESOLVED, That such agreements having such terms and conditions as the executing officer may approve, subject to the approval of the form thereof by the Executive President and General Counsel, to facilitate the implementation of Transmission and Substation Engineering services in the support of the Authority's capital improvement programs.

iii. **Robert Moses Unit Substation Replacement Project
Capital Expenditure Authorization Request and Contract Award**

The President and Chief Executive Officer submitted the following report:

SUMMARY

The Trustees will be requested at their March 30, 2021 meeting to approve capital expenditures in the amount of \$19.1 million and approve the award of a five-year non-personal services contract in the amount of \$12.06 million to Eaton Corporation ('Eaton') of Warrendale, PA for the Robert Moses Unit Substation Replacement Project (the 'Project'). Interim funding in the amount of \$200,000 was previously approved by the Chief Operating Officer in January 2021, to allow for project initiation and to maintain the schedule.

Capital Expenditures in the amount of \$400,000 for preliminary engineering and planning were previously approved by the President and Chief Executive Officer in September 2020, bringing the total estimated Project cost to \$19.5 million.

The Finance and Risk Committee is requested to recommend to the Trustees the approval of the aforementioned capital expenditures and contract award.

BACKGROUND

Section 2879 of the Public Authorities Law and the Authority's Guidelines for Procurement Contracts requires Trustee approval for procurement contracts involving services to be rendered for a period in excess of one year. Additionally, in accordance with the Authority's Expenditure Authorization Procedures, the award of non-personal services contracts exceeding \$6 million requires Trustee approval.

The Robert Moses Power Plant ('RMPP') is equipped with 13 unit substations that provide 480VAC power to the RMPP generating unit's auxiliary equipment. All of the auxiliary equipment for each generating unit is fed from one unit substation reserved for that unit which is critical to the generating unit's operation and reliability.

The existing unit substations are original to the plant and are at the end of their life cycle, and there are operational reliability issues with the breakers, which has caused unplanned outages. The original manufacturer no longer supports or provides replacement parts for this equipment. Over \$100,000 is being spent each year on Operations & Maintenance activities for unit upkeep. In addition, the current system is not arc flash compliant and poses a safety concern. The new switchgear design will improve safety for Niagara personnel operating the equipment by including an arc flash compliant design with proven arc flash mitigation strategies.

The scope-of-work under this contract includes design, procurement, fabrication, delivery, removal of existing, and installation of thirteen new unit substations. The Project is forecasted for completion by 2025.

DISCUSSION

A Request for Proposal ('RFP'), Inquiry No. Q20-7031BS, was issued through the Authority's Ariba system and was advertised in the NYS *Contract Reporter* on September 11, 2020. A total of forty-three (43) firms were invited into the Ariba Event with one hundred fifty-two (152) firms having viewed the RFP on the Strategic Supply Management website. Five (5) proposals were received through Ariba on October 29, 2020. The list of Bidders and their corresponding bid pricing are as follows:

Company	Location	Bid Amount
Burns & McDonnell	Kansas City, MO	\$13,149,228.24
E-J Electric Installation Co.	Long Island City, NY	\$12,079,770.00
Eaton Corporation	Warrendale, PA	\$11,915,879.86
Mass Electric Construction Co. ('Mass')	Woodcliff Lake, NJ	\$ 9,545,988.00
O'Connell Electric Co. Inc. ('O'Connell')	Victor, NY	\$ 8,883,348.72

The Evaluation Committee, comprised of representatives from Strategic Supply Management, Engineering, Control Room Operations, Electrical Maintenance, Instrument and Control, Quality Assurance, Environmental, Health and Safety, Project Management, and Program Controls, reviewed and evaluated the proposals based on the evaluation criteria established in the RFP, which includes: best value, proposal completeness, technical capabilities, ability to meet the schedule, experience in performing this type of work, and safety records.

The RFP specification required the new switchgear to fit within the existing unit space and required the use of existing conduits without structural modifications. The Evaluation Committee did not consider Mass and O'Connell's proposals further due to safety concerns and inability to meet the switchgear size requirements.

Eaton was determined to be the best value based on their strength of experience, a well thought-out project execution plan, high quality arc flash mitigation strategies, ability to address the Authority's requirements and expectations, and best value proposal.

Requirements for Minority and Women-Owned Business Enterprise ('MBE' and 'WBE') and Service-Disabled Veteran-Owned Business ('SDVOB') were addressed and agreed upon, which are as follows:

- MBE: 3%
- WBE: 4%
- SDVOB: 3%

An additional lump-sum amount of \$143,220 is included in the recommended award amount for spare parts anticipated over the term of the contract.

Capital expenditures in the amount of \$400,000 were previously approved in September 2020 for preliminary engineering. The remaining capital expenditure authorization request is comprised of the following:

Preliminary Eng./Licensing	\$	0
Engineering/Design	\$	787,500
Procurement	\$	0
Construction/Installation	\$	14,683,300
Project Closeout	\$	300,000
Authority Indirect and Direct Expenses	\$	<u>3,348,500</u>
TOTAL	\$	19,119,300

FISCAL INFORMATION

Payment associated with this Project will be made from the Authority’s Capital Fund.

RECOMMENDATION

It is requested that the Finance and Risk Committee recommend that the Trustees approve capital expenditures in the amount of \$19.1 million and a five-year non-personal services contract in the amount of \$12,060,000 to Eaton Corporation of Warrendale, PA for the Robert Moses Unit Substation Replacement Project.

For the reasons stated, I recommend the approval of the above-requested action by adoption of the resolution below.”

Mr. Andrew Boulais, Acting Vice President – Project Management, provided highlights of staff’s recommendation to the committee.

On motion made by member John Koelmel and seconded by member Eugene Nicandri, the following resolution, as recommended by the President and Chief Executive Officer, was unanimously adopted.

RESOLVED, That the Finance and Risk Committee recommends that, pursuant to the Authority’s Capital Planning and Budgeting Procedures, the Trustees approve capital expenditures in the amount of \$19.1 million for the Robert Moses Unit Substation Replacement Project 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 will use Capital Funds, which may include proceeds of debt issuances, to finance the costs of the Robert Moses Unit Substation Replacement Project;

<u>Capital</u>	<u>Expenditure Authorization</u>
Robert Moses Unit Substation Replacement Project	<u>\$19,119,300</u>

AND BE IT FURTHER RESOLVED, That the Finance and Risk Committee recommends that the Trustees, pursuant to the Guidelines for Procurement adopted by the Authority and the Authority’s Expenditure Authorization Procedures, approve the award a five-year non-personal services contract to Eaton Corporation in the amount of \$12,060,000 for the design, manufacture, delivery, and construction of the Robert Moses Unit Substation Replacement Project;

<u>Contractor</u>	<u>Contract Approval</u>
Eaton Corporation Warrendale, PA (RFP # Q20-7031BS)	<u>\$12,060,000</u>

iv. **Advanced Research Services – Contract Award**

The President and Chief Executive Officer submitted the following report:

“SUMMARY

The Finance Committee is requested to recommend to the Trustees the award of six competitively bid personal services contracts for Advanced Research Services to UCHICAGO Argonne, LLC (Argonne National Laboratory) of Washington D.C, Brookhaven National Laboratory of Upton, New York, Idaho National Laboratory of Idaho Falls, Idaho, National Renewable Energy Laboratory of Golden, Colorado, Pacific Northwest National Laboratory of Richland, Washington and Sandia Laboratory of Albuquerque, New Mexico for a total authorization amount of \$10 million for a five-year term effective April 1, 2021 through March 31, 2026.

BACKGROUND

Section 2879 of the Public Authorities Law and the Authority’s Guidelines for Procurement Contracts require Trustee approval of procurement contracts involving services to be rendered for a period in excess of one year. Also, in accordance with the Authority’s Expenditure Authorization Procedures, the award of personal services contracts in excess of \$6 million require Trustee approval.

The Authority is seeking to establish a group of qualified research partners (‘Research Partners’) to provide, on as needed basis, various technology, computing, policy, science, security, engineering and/or other advanced research services. The Authority and each of the Research Partners will agree on a master framework agreement (‘Value Contract’) under which any subsequent Request(s) for Proposal (‘RFP’), scope(s) of work and/or Project would be contracted and awarded.

DISCUSSION

Construction Contractor RFQ, RFP and Contract Awards

On October 26, 2020, the Authority published Request for Qualifications (‘RFQ’) for Advanced Research Services in the NY State *Contract Reporter* and on its website, nypa.gov. Nine Statement of Qualification (‘SOQ’) responses were received in response to this RFQ. The Evaluation Committee included members from Research & Development, Digital Transformation Office, Business Resiliency, Agile Laboratory, Critical Secure Services, and Strategic Supply Management.

Respondents were requested to satisfactorily demonstrate that they have the necessary technical experience, qualifications, facilities, capabilities, and resources to provide such technology, computing, policy, science, security, engineering, and other advanced research services.

The Respondents’ statements of qualification (‘SOQ’) were reviewed and evaluated against the following criteria:

- Capabilities & Qualifications: Respondent’s background, industry accreditations, availability of resources, general scope of services and capabilities
- Project History, Experience & Expertise: Respondent’s expertise and experience with successfully executing similar projects
- Work and Project Management Practices
- Responsiveness to the RFQ instructions and requirements

FISCAL INFORMATION

Funding for the Authority’s Advanced Research Services is from the Authority’s operating and maintenance (‘O&M’) funds.

RECOMMENDATION

It is requested that the Finance Committee recommend to the Trustees the award of six personal services contracts for Advanced Research Services to UCHICAGO Argonne, LLC (Argonne National Laboratory) of Washington D.C, Brookhaven National Laboratory of Upton, New York, Idaho National Laboratory of Idaho Falls, Idaho, National Renewable Energy Laboratory of Golden, Colorado, Pacific Northwest National Laboratory of Richland, Washington and Sandia Laboratory of Albuquerque, New Mexico for a total authorization amount of \$10 million for a five-year term through March 31, 2026.

For the reasons stated, I recommend the approval of the above-requested action by adoption of the resolution below.”

Ms. Adrienne Lotto, Vice President and Chief Risk & Resilience Officer, provided highlights of staff’s recommendation to the committee.

On motion made by member John Koelmel and seconded by member Eugene Nicandri, the following resolution, as recommended by the President and Chief Executive Officer, was unanimously adopted.

RESOLVED, That the Finance Committee recommends that the Trustees, pursuant to the Guidelines for Procurement Contracts adopted by the Authority and the Authority’s Expenditure Authorization Procedures, award five-year contracts to UCHICAGO Argonne, LLC (Argonne National Laboratory) of Washington D.C, Brookhaven National Laboratory of Upton, New York, Idaho National Laboratory of Idaho Falls, Idaho, National Renewable Energy Laboratory of Golden, Colorado, Pacific Northwest National Laboratory of Richland, Washington and Sandia Laboratory of Albuquerque, New Mexico for a total authorization amount of \$10 million to provide Advanced Research Services for the Authority.

<u>Contractor</u>	<u>Contract Amount</u>
	<u>\$10,000,000</u>
Argonne National Laboratory Washington D.C	
Brookhaven National Laboratory Upton, New York	
Idaho National Laboratory Idaho Falls, Idaho	
National Renewable Energy Laboratory Golden, Colorado	

<u>Contractor</u>	<u>Contract Amount</u>
Pacific Northwest National Laboratory Richland, Washington	
Sandia National Laboratory Albuquerque, New Mexico	

c. Commercial Operations

i. Product, Customer Experience and Marketing Services Agreement – Contract Award

The President and Chief Executive Officer submitted the following report:

“SUMMARY

The Trustees will be requested at their March 30, 2021 meeting to approve the award of competitively bid consulting contracts to the twenty-eight firms listed below, for a period of five years and in the aggregate of \$16 million. These will support the delivery of VISION2030. The selected firms, individually or as a group, will assist the Authority in expanding its product, customer experience, marketing, and corporate communications capabilities across multiple disciplines.

The Finance Committee is requested to recommend that the Trustees approve the selected firms for the stated purpose.

BACKGROUND

Section 2879 of the Public Authorities Law and the Authority’s Guidelines for Procurement Contracts require Trustee approval for procurement contracts involving services to be rendered for a period in excess of one year. Additionally, in accordance with the Authority’s Expenditure Authorization Procedures, the award of personal services contracts exceeding \$2 million requires Trustee approval.

To deliver VISION2030 quickly and flexibly, the Authority issued a Request for Proposals (‘RFP’), No. Q20-7005JW, to solicit proposals from qualified firms interested in supporting the Authority’s product, customer experience, marketing, and corporate communications needs. VISION2030 incorporates a strong focus on the customer. As the energy market becomes more complex, the Authority intends to be a leader in guiding its customers to 100% clean energy. The Authority is strengthening its customer experience, corporate communications, digital customer engagement, customer insights, corporate and product marketing, and product development capabilities. As such, the Authority is seeking firms who excel across, or in niche areas, these capabilities that will enable the Authority to launch projects and initiatives quickly and flexibly.

DISCUSSION

The RFP for Product Customer Experience and Marketing Services was issued via Ariba and was advertised in the New York State Contract Reporter on November 12, 2020. One hundred ten (110) suppliers are listed as having viewed the event notice on the Authority’s SSM website of which five (5) suppliers were duplicates. Sixty-nine (69) suppliers were listed as having been invited to, or requested to, participate in the Ariba Event. Forty (40) ‘rates only’ proposals were received electronically via Ariba and were evaluated.

The Authority seeks firms to support these efforts that will enable the organization to launch projects and initiatives quickly and flexibly. As such, expertise is sought in one or more of the following ten (10) Service Areas:

1. Customer Experience Strategy & Implementation
2. Market, Customer Strategy and Research
3. Analytics & Marketing Technology
4. Product Strategy / Product Management
5. Marketing / Brand Strategy / Creative Development

6. Digital and Websites
7. Social Media
8. Events & Conferences
9. Corporate Communications / Public Relations
10. Other Services

As part of their proposals, bidders were asked to submit a checklist indicating which of the ten (10) Services Areas they intended to be evaluated for.

The evaluation team included members from Marketing & Product Development, Corporate Communications, Business & Project Development, Community Affairs, E-mobility, and Strategic Supply Management. Any/all Minority and Women-Owned Business Enterprise ('M/WBE') or related goals will be addressed in the scopes of work that will be assigned after contracts are awarded:

Authority staff reviewed each proposal, taking into consideration several criteria, including quality of submission, demonstration of qualifications, experience and expertise, demonstration of subject matter expertise or ability to apply expertise from other industries, quality and relevance of case studies and/or work samples, M/WBE status and pricing (rates). After individual evaluations were complete, scores were compiled and averaged. Firms were ranked and the top seven (7) scoring firms for each Service Area are recommended for award. When compiled, twenty-eight (28) firms are recommended for award based on the evaluation results. MBE and WBE commitments for suppliers are 10%. Eight (8) firms are MWBEs: Essence Partners Inc., Factory 360 Inc., Sinclair Social, Arch Street Communications Inc., BBG&G Marketing, Jodi Ackerman Frank, Marketsmith Inc., Stragility LLC.

After determining the recommendation list, members of the Evaluation Committee reviewed the proposed rates to ensure there was an acceptable range of rates to meet the anticipated needs for specific Service Areas. As a result of considerably lower proposed rates two (2) additional firms are recommended for award. These are denoted by an asterisk (*) in the recommendation table below. In total, twenty-eight firms (28) firms are recommended for award.

	Supplier	Location
1	Accenture LLP	Walnut Creek, CA
2	Arch Street Communications, Inc.	Tarrytown, NY
3	BBG&G Advertising, Inc.	Campbell Hall, NY
4	Cherissa Adams*	Austin, TX
5	Deloitte Consulting, LLP	Hermitage TN
6	Ernst & Young U.S. LLP	Sacaucas NJ
7	Essence Partners, Inc.	New York, NY
8	Factory 360, Inc.	Hollywood FL
9	FirstInLine Media LLC	Brooklyn, NY
10	Fuseideas, LLC	Winchester MA
11	Guidehouse, Inc.	Chicago, IL
12	ICF Resources, LLC	Fairfax, VA
13	Jodi Ackerman Frank	Argyle, NY
14	Kivvit, LLC	Chicago, IL

15	Lowe and Partners Worldwide, Inc. dba Campbell Ewald New York	Omaha, NE
16	Marketsmith, Inc.	Cedar Knolls, NJ
17	McKinsey and Company, Inc. Washington D.C.	Washington, D.C.
18	MWW Group, LLC	East Rutherford, NJ
19	Nexant, Inc.	San Francisco Ca
20	PA Consulting Group, Inc.	Boston, MA
21	Sapient Corporation d/b/a Publicis Sapient	Boston, MA
22	Sinclair Prints & Poseys, Inc.	Flushing, NY
23	Stragility, LLC	Slingerlands, NY
24	Strategy Muse, Inc.	Los Angeles, CA
25	Submersive Media, LLC*	New York, NY
26	The Cadmus Group LLC	Waltham, MA
27	The Visual Brand LLC	Westport, CT
28	West Monroe Partners, LLC	Chicago, IL

FISCAL INFORMATION

There is no fiscal impact associated with this selection of a prequalified pool of firms. Any assignments will be subject to the Authority's Expenditure Authorization Procedures and consistent with the annual budget approvals.

RECOMMENDATION

It is requested that the Finance Committee recommend to the Trustees to approve that five-year term value contracts be awarded to the to the following twenty-eight (28) firms for Product, Customer Experience and Marketing Services.

	Supplier	Location
1	Accenture LLP	Walnut Creek, CA
2	Arch Street Communications, Inc.	Tarrytown, NY
3	BBG&G Advertising, Inc.	Campbell Hall, NY
4	Cherissa Adams*	Austin, TX
5	Deloitte Consulting, LLP	Hermitage TN
6	Ernst & Young U.S. LLP	Sacaucas NJ
7	Essence Partners, Inc.	New York, NY
8	Factory 360, Inc.	Hollywood FL
9	FirstInLine Media LLC	Brooklyn, NY
10	Fuseideas, LLC	Winchester MA
11	Guidehouse, Inc.	Chicago, IL
12	ICF Resources, LLC	Fairfax, VA

13	Jodi Ackerman Frank	Argyle, NY
14	Kivvit, LLC	Chicago, IL
15	Lowe and Partners Worldwide, Inc. dba Campbell Ewald New York	Omaha, NE
16	Marketsmith, Inc.	Cedar Knolls, NJ
17	McKinsey and Company, Inc. Washington D.C.	Washington, D.C.
18	MWW Group, LLC	East Rutherford, NJ
19	Nexant, Inc.	San Francisco Ca
20	PA Consulting Group, Inc.	Boston, MA
21	Sapient Corporation d/b/a Publicis Sapient	Boston, MA
22	Sinclair Prints & Poseys, Inc.	Flushing, NY
23	Stragility, LLC	Slingerlands, NY
24	Strategy Muse, Inc.	Los Angeles, CA
25	Submersive Media, LLC*	New York, NY
26	The Cadmus Group LLC	Waltham, MA
27	The Visual Brand LLC	Westport, CT
28	West Monroe Partners, LLC	Chicago, IL

For the reasons stated, I recommend the approval of the above requested action by adoption of the resolution below.”

Ms. Diane Levin, Vice President Marketing and Product Development, provided highlights of staff's recommendation to the committee.

On motion made by member John Koelmel and seconded by member Eugene Nicandri, the following resolution, as recommended by the President and Chief Executive Officer, was unanimously adopted.

RESOLVED, That the Finance Committee recommends that the Trustees, pursuant to the Guidelines for Procurement Contracts adopted by the Authority and the Authority's Expenditure Authorization Procedures, award contracts in the aggregate not-to-exceed amount of \$16 million for a term of up to five years to the following firms for Product, Customer Experience and Marketing Services.

	Supplier	Location
1	Accenture LLP	Walnut Creek, CA
2	Arch Street Communications, Inc.	Tarrytown, NY
3	BBG&G Advertising, Inc.	Campbell Hall, NY
4	Cherissa Adams*	Austin, TX
5	Deloitte Consulting, LLP	Hermitage TN
6	Ernst & Young U.S. LLP	Sacaucas NJ

7	Essence Partners, Inc.	New York, NY
8	Factory 360, Inc.	Hollywood FL
9	FirstInLine Media LLC	Brooklyn, NY
10	Fuseideas, LLC	Winchester MA
11	Guidehouse, Inc.	Chicago, IL
12	ICF Resources, LLC	Fairfax, VA
13	Jodi Ackerman Frank	Argyle, NY
14	Kivvit, LLC	Chicago, IL
15	Lowe and Partners Worldwide, Inc. dba Campbell Ewald New York	Omaha, NE
16	Marketsmith, Inc.	Cedar Knolls, NJ
17	McKinsey and Company, Inc. Washington D.C.	Washington, D.C.
18	MWW Group, LLC	East Rutherford, NJ
19	Nexant, Inc.	San Francisco Ca
20	PA Consulting Group, Inc.	Boston, MA
21	Sapient Corporation d/b/a Publicis Sapient	Boston, MA
22	Sinclair Prints & Poseys, Inc.	Flushing, NY
23	Stragility, LLC	Slingerlands, NY
24	Strategy Muse, Inc.	Los Angeles, CA
25	Submersive Media, LLC*	New York, NY
26	The Cadmus Group LLC	Waltham, MA
27	The Visual Brand LLC	Westport, CT
28	West Monroe Partners, LLC	Chicago, IL

d. NYPA Development

i. Northern NY Priority Transmission Project

The President and Chief Executive Officer submitted the following report:

SUMMARY

The Finance and Risk Committee is requested to recommend to the Trustees at their March 30, 2021 meeting that they take the following actions:

1. authorize the Authority to accept, develop and operate the Northern NY Priority Transmission Project ('NNYPTP' or 'Project') as a priority transmission project under the Accelerated Renewable Energy Growth and Community Benefit Act (the 'Act'); and
2. authorize the selection of Niagara Mohawk Power Corporation d/b/a National Grid ('National Grid') as a co-participant in the development of the NNYPTP based on the Solicitation of Interest process the Authority conducted in accordance with the Act, subject to the Authority and National Grid reaching agreement on proposed terms and conditions for co-development of the NNYPTP.

BACKGROUND

1. Accelerated Renewable Energy Growth and Community Benefit Act

The Accelerated Renewable Energy Growth and Community Benefit Act signed into law by Governor Andrew M. Cuomo on April 3, 2020, calls for the 'timely and cost-effective construction of new, expanded and upgraded distribution and transmission infrastructure as may be needed to access and deliver renewable energy resources' to achieve clean energy and environmental targets established in the Climate Leadership and Community Protection Act ('CLCPA').

The New York State Legislature found and determined in the Act that timely development of the bulk transmission investments identified as part of an overall state bulk transmission investment plan is in the public interest of the people of the State of New York. The Legislature also found and determined that the Authority owns and operates backbone electric transmission assets in New York, has rights-of-way that can support in whole or in part bulk transmission investment projects, and has the financial stability, access to capital, technical expertise and experience to effectuate expeditious development of bulk transmission investments needed to help the state meet the CLCPA targets, and thus it is appropriate for the Authority as deemed 'feasible and advisable' by its trustees, by itself or in collaboration with other parties as it determines to be appropriate, to develop those bulk transmission investments found by the New York State Public Service Commission ('PSC') to be needed expeditiously to achieve CLCPA targets (hereinafter a 'Priority Transmission Project' or 'PTP').

The Act authorizes the Authority, through a public process, to solicit interest from potential co-participants in each PTP it seeks to develop and assess whether joint development would provide for significant additional benefits in achieving the CLCPA targets. The Authority may thereafter determine to undertake the development of the PTP on its own or undertake the PTP jointly with one or more other parties on such terms and conditions as the Authority finds to be appropriate and, notwithstanding any other law to the contrary, enter into such agreements and take such other actions the Authority determines to be necessary to undertake and complete timely development of the PTP.

2. Northern NY Priority Transmission Project

On July 2, 2020, the Authority and the Department of Public Service jointly filed with the PSC in Case No. 20-E-0197 a Petition 'Requesting Adoption of Criteria for Guiding Evaluation of Whether a Bulk Transmission Investment Should Be Designated as a Priority Transmission Project, and for Designation

of Certain Transmission Investments in Northern New York as a Priority Transmission Project' (the 'Petition').

In the Petition, the Authority requested the PSC to designate the proposed NNYPTP for designation as a Priority Transmission Project under the Act because, among other things, the Project is necessary to timely facilitate State compliance with the CLCPA targets, will result in significant production cost savings, and relieve existing congestion and curtailment of existing renewable generation in Northern New York while accommodating an additional 1,000 megawatts ('MW') of firm transfer capability for future renewable generation growth.

The Petition indicated the NNYPTP would upgrade over 200 circuit miles of existing 230 kilovolts ('kV') transmission infrastructure almost entirely comprising of wooden H-frames which have been in service for more than 50 years, with a combination of higher transfer capacity 230 and 345 kV infrastructure built out of tubular steel poles. More than 10 substations, most of which the Authority owns, would be modified, retired, and/or rebuilt to make system improvements to accept the revised voltage upgrades across the system. Additionally, the NNYPTP builds off the Authority's Moses-Adirondack Smart Path Reliability Project and the Marcy to New Scotland Project to create a reinforced 345 kV transmission backbone.

The Petition contained an estimated total investment at approximately \$905 million in 2019 dollars (this estimate does not include escalation or all anticipated overheads). The Authority's estimated investment is expected to be approximately 55% of the total project costs. The NNYPTP's benefits will include approximately 7.5 terawatt-hours of avoided renewable curtailments annually, starting in 2025, and production cost savings of approximately \$99 million per year, resulting in a project net present value of approximately \$1.05 billion over a twenty-year period. Counting only production cost savings, the NNYPTP is expected to have a positive benefit/cost ratio.

The NNYPTP's expected environmental and congestion relief benefits are even more substantial than the production cost savings with over 1.16 million tons of CO₂ emissions avoided annually on a statewide basis, and an annual reduction of approximately 160 tons of NO_x emissions from downstate emissions sources, providing a significant air quality benefit to New York City-area residents. Finally, the Authority estimates the Project would result in over \$447 million in annual congestion savings in northern New York by eliminating the need to dispatch higher cost electrical generation when transmission is constrained.

By an order issued October 15, 2020, the PSC adopted criteria for determining future PTPs and approved the NNYPTP as a Priority Transmission Project under the Act. In the Order, the PSC also determined, among other things, that the State's investments in renewable generation in the northern region of the State are not being fully realized due to transmission limitations, a significant amount of existing renewable generation is subject to curtailment because of such limitations, and that there is a reasonable expectation that additional renewables already planned for the northern region will be benefitted by the Project, adding to the Project's overall benefits and supporting progress towards CLCPA targets.

3. Solicitation of Interest and Evaluation

On October 30, 2020, the Authority issued a public Solicitation of Interest ('SOI') to solicit interest from potential co-participants for possible co-development of the NNYPTP. The SOI invited interested parties, with the ability to bring tangible benefits to the NNYPTP and facilitate its expeditious development and completion, to respond. Tangible benefits could include without limitation:

- Entities who possess ownership or control of real property and/or transmission facilities that can be used to advance the NNYPTP.

- Entities who have a demonstrable track record relating to development, maintenance or operation of major transmission projects.
- Entities who have access to innovative technologies that can support the NNYPTP.

The SOI was conducted as a two-step process in which interested entities were first requested to submit a Notice of Intent to Respond ('NIR') by November 13, 2020, indicating the proposed role and benefits from their co-participation. The Authority received eight NIRs and determined that six were responsive to the SOI. Entities with responsive NIRs were found eligible to submit a full proposal in response to the SOI.

All six entities (deemed 'Eligible Parties') submitted proposals on December 21, 2020. These proposals were evaluated to determine the extent to which interested parties could as a co-participant provide significant additional benefits to the development of the NNYPTP. Evaluation guidelines included:

- The proposed role would help the Authority expedite the completion of the Project.
- The proposed role presents tangible financial benefits.
- The proposed role is realistic and based on sound assumptions.
- The proposed role has a reasonable probability of success.
- The perspective co-participant's experience is in line with the scope and role proposed by the perspective co-participant.

The Authority's evaluation team consisted of representatives from Commercial Operations, Strategic Supply Management, Legal, Finance and Utility Operations ('Staff'). Based on an evaluation of the respective submissions, Staff determined that National Grid's submission proposed the most beneficial solution to achieve the objectives of the SOI and evaluation guidelines and would best support the expeditious development of the NNYPTP in a manner consistent with the Act. For example:

- National Grid has extensive experience planning, developing, constructing, managing and operating transmission projects similar in type and scale to the NNYPTP. National Grid has over 120 years of operating experience of electric transmission and distribution facilities in upstate New York. National Grid is well versed in regulatory coordination and permitting processes such as Article VII, having completed 47 projects with Article VII in the last 50 years.
- National Grid owns virtually all rights-of-way ('ROWs') that are needed for the Project (other than ROWs the Authority controls). Grid's ownership of ROW's is beneficial because this property is readily available, Grid is familiar with this asset, and Grid's ownership stands to avoid (1) delays that would result from the need of other candidates to engage in actions needed to acquire ROW rights, and (2) added costs.
- National Grid owns and operates transmission facilities, including three substations whose upgrades will be incorporated into and support the NNYPTP.
- The foregoing considerations will support expeditious development of the NNYPTP.
- The evaluation team determined that other respondent submittals were not in full alignment with the Authority's intended approach to the Project, including the use of NYPA's internal capabilities in such areas as project development/engineering, permitting/regulatory compliance, and services delivery; and/or proposed undesirable/unnecessary linkages to other transmission initiatives.

FISCAL INFORMATION

The requested authorizations will not have a significant fiscal impact on the Authority. A preliminary funding request was previously authorized for preliminary project development including the SOI, conceptual engineering and assessments, and preparation of Article VII documents.

Assuming the Authority and National Grid reach agreement on terms and conditions for co-development of the NNYPTP, Staff will return to the Finance and Risk Committee and Trustees at a later date to request additional authorizations regarding development of the NNYPTP, including authorization to execute agreements providing for the co-development of the NNYPTP, any other authorizations necessary to support development of the Project, and for additional spending authority, including Capital Expenditure Authorization Requests.

RECOMMENDATION

The President of NYPA Development recommends that the Finance and Risk Committee recommend to the Trustees at their March 30, 2021 meeting that they take the following actions:

1. authorize the Authority to accept, develop and operate the NNYPTP as a Priority Transmission Project under the Accelerated Renewable Energy Growth and Community Benefit Act; and
2. authorize the selection of Niagara Mohawk Power Corporation d/b/a National Grid as a co-participant in the development of the NNYPTP based on the Solicitation of Interest process the Authority conducted in accordance with the Act, subject to the Authority and National Grid reaching agreement on a joint development agreement for the NNYPTP.

For the reasons stated, I recommend approval of the above-requested actions by adoption of the resolution below.”

Mr. Philip Toia, President of NYPA Development, provided highlights of staff's recommendation to the committee.

On motion made by member Eugene Nicandri and seconded by member John Koelmel, the following resolution, as recommended by the President and Chief Executive Officer, was unanimously adopted.

RESOLVED, That the Finance and Risk Committee recommends that the Trustees authorize the Power Authority of the State of New York (the “Authority”) to accept, develop and operate, the Northern New York Priority Transmission Project (“NNYPTP”) as a priority transmission project pursuant to the Accelerated Renewable Energy Growth and Community Benefit Act, for the reasons summarized in the foregoing report of the President and Chief Executive Officer (“Report”); and be it further

RESOLVED, That the Finance and Risk Committee recommend that the Trustees approve and authorize the selection of Niagara Mohawk Power Corporation d/b/a National Grid (“National Grid”) as a co-participant in the development of the NNYPTP for the reasons summarized in the Report, subject to the Authority and National Grid reaching agreement on terms and conditions for co-development of the NNYPTP.

5. **CONSENT AGENDA:**

a. **Approval of the Minutes of the Joint Meeting held on January 19, 2021**

On motion made by member Dennis Tranor and seconded by member John Koelmel, the Minutes of the Joint Meeting held on January 19, 2021 were approved.

6. Next Meeting

Chairperson Tracy McKibben said that the next regular meeting of the Finance Committee is scheduled for May 12, 2021.

Closing

On motion made by member Dennis Trainor and seconded by member John Koelmel, the meeting was adjourned by Chairperson McKibben at approximately 12:22 p.m.

Karen Delince

Karen Delince
Corporate Secretary

EXHIBITS

For

March 18, 2021

Meeting Minutes



**NY Power
Authority**

**Canal
Corporation**

Chief Risk & Resilience Officer Report

Adrienne Lotto

Chief Risk & Resilience Officer

March 18, 2021

Risk and Resilience Creating a Stronger NYPA

Enterprise Resilience

- An empowered enterprise-wide resilience function that coordinates management of existential threats and cross-cutting strategic risks
- Broadens view of typical and atypical emergent threats, risks, and consequences
- Establishes new ways of operating to prepare for a more distributed and uncertain operating environment

Enhance capabilities to anticipate, prepare, respond, and adapt to disruptions

Together We Deliver

- Consult and collaborate with Business Units and Risk Owners to:
 - Manage and mitigate risk
 - Embed resilience in new and existing programs / processes
- Enhance and ensure preparedness and response capabilities
- Risks at entity and process level
 - Identify, Assess, Respond, Monitor, Report
- Promote a risk and resilient aware culture
- Drive informed, transparent, and actionable decision making

Dynamic and iterative process to enhance actionable decision making

Risk Management

- Forward looking view of exposures and risk reward trade-offs
- Strategic risk-based decision-making
- Overarching risk framework and governance structure
- Enhanced board risk oversight
- Portfolio risk view
- Risk Appetite

Risk Management and Resilience 2021 Goals

VISION2030

01) Adoption of eGRC System for enterprise and operational risks

02) Installation of a Portfolio Credit Risk Program used for counterparty evaluation

03) Expansion of ECRM System to capture boarder market exposures and enhanced reporting

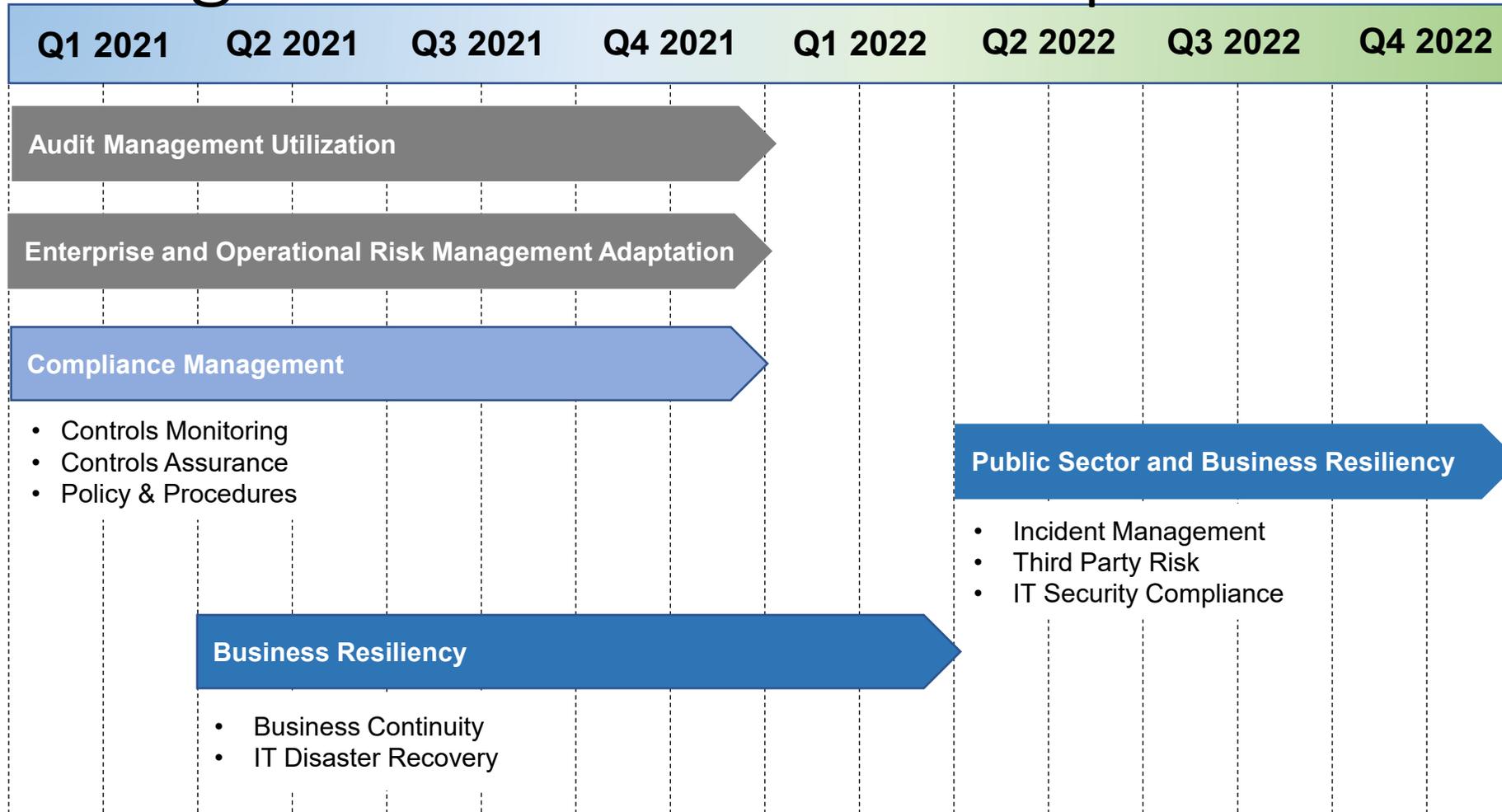
04) Enhance governance to fully integrate risk management and resilience

05) Align, complete, and maintain Business Continuity Plans and Business Impact Analysis

06) Provide awareness, training, and education on risk and resilience programs, processes, and practices

07) Formalize Risk Appetite Statement for approval by NYPA leadership and Board of Trustees

High-Level eGRC Roadmap



- Controls Monitoring
- Controls Assurance
- Policy & Procedures

Business Resiliency

- Business Continuity
- IT Disaster Recovery

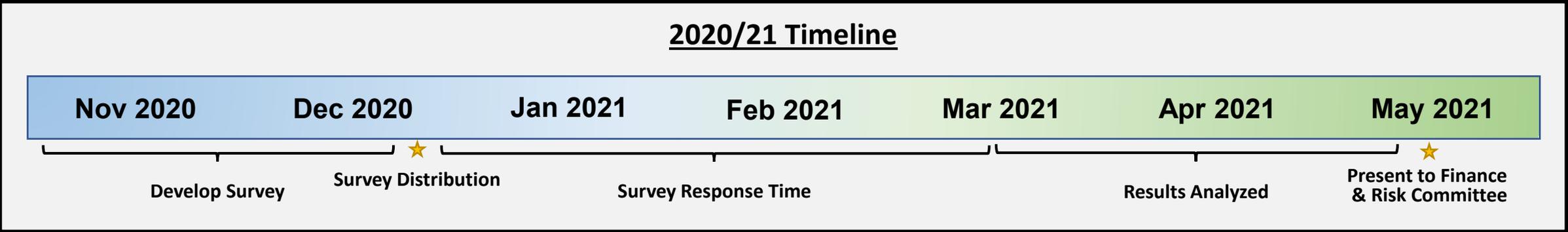
Public Sector and Business Resiliency

- Incident Management
- Third Party Risk
- IT Security Compliance

- GRC System:
 - Flexibility by using platform for multiple GRC domains
- Internal Controls Management
- Audit Management
- Risk Management
- Business Resiliency

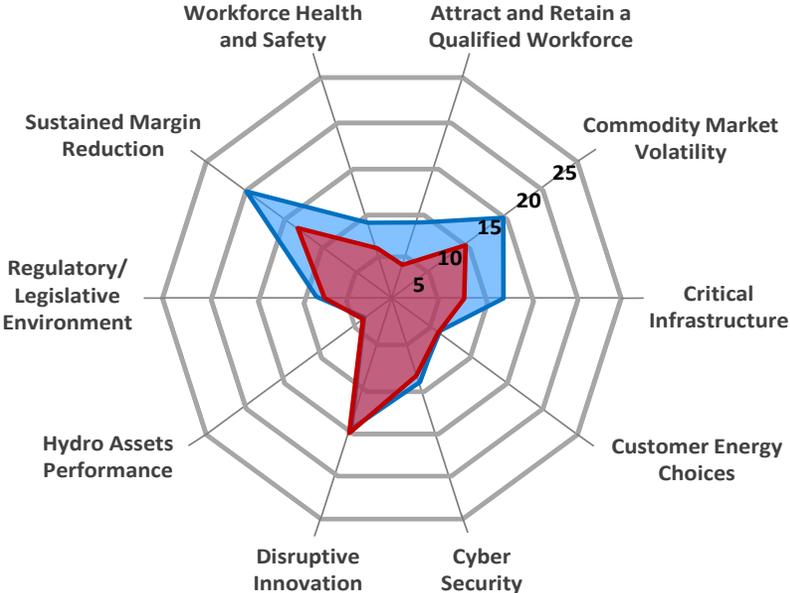
Module is in development
 Module is ready for use
 Module is not purchased

NYPA Enterprise Risk Assessment



The Enterprise Risk Assessment **scope** includes:

- Validation or refinement of:
 - 175+ existing risks drivers
 - 225+ existing controls
 - 50+ future mitigation plans
- Identification and commenting on emerging or evolving risks



The Enterprise Risk Assessment **participants** include:

- 8 Business Units
- 28 Departments
- 80 Subject Matter Expert Participants



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Chief Financial Officer Report

Adam Barsky

EVP & Chief Financial Officer

March 18, 2021

YEAR-TO-DATE ACTUALS THROUGH FEBRUARY 28th

YTD ACTUALS (JANUARY-FEBRUARY 2021)

In \$ Thousands	2021 Budget (\$)	2021 Current (\$)	Variance (\$)	
Net Operating Income				
Operating Revenue				
Customer Revenue	\$294,756	\$280,739	(\$14,016)	Margins - Generation (\$2,999) Margins - Transmission (\$92) Margins - Non Utility (\$953)
Market-Based Power Sales	87,197	80,441	(6,756)	
Non Utility Revenue	3,228	3,381	153	
Ancillary Service Revenue	4,950	6,447	1,497	
NTAC and Other	42,605	43,232	627	
Operating Revenue Total	432,735	414,240	(18,495)	
Operating Expense				
Purchase Power	(119,113)	(105,338)	13,775	Margins - Non Utility (\$953)
Ancillary Service Expense	(10,344)	(8,278)	2,066	
Fuel Consumed	(34,616)	(32,402)	2,214	
Wheeling	(88,826)	(92,431)	(3,604)	
Operations & Maintenance	(94,222)	(82,281)	11,940	Operating Expenses \$3,359
Other Expense	(21,973)	(25,799)	(3,825)	
Allocation to Capital	10,284	5,528	(4,756)	
Operating Expense Total	(358,810)	(341,000)	17,810	
EBIDA Total	73,925	73,240	(685)	(685)
<i>EBIDA NYPA</i>	<i>87,098</i>	<i>85,562</i>	<i>(1,535)</i>	
<i>EBIDA Canals</i>	<i>(13,173)</i>	<i>(12,322)</i>	<i>850</i>	
Non Operating				
Interest and Other Expenses				
Interest & Other Expenses	(22,874)	(20,515)	2,359	Non-Operating Net \$936
Investment and Other Income	3,203	1,628	(1,575)	
Mark to Market Adjustments	0	1,124	1,124	
Depreciation	(43,062)	(44,034)	(972)	
Interest and Other Expenses Total	(62,733)	(61,797)	936	
NET INCOME	\$11,192	\$11,443	\$251	\$251

EBIDA: Earnings Before Interest Depreciation & Amortization



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