



**NY Power
Authority**

**Canal
Corporation**

**MINUTES OF THE JOINT SPECIAL MEETING
OF THE FINANCE COMMITTEE
April 23, 2020**

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Minutes of the joint special meeting of the New York Power Authority and Canal Corporation's Finance Committee held via videoconference at approximately 9:00 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 Operations Officer
Kristine Pizzo	Executive Vice President and Chief Human Resources & Administrative Officer
Sarah Salati	Executive Vice President and Chief Commercial Officer
Lee Garza	Senior Vice President – Financial Operations
Keith Hayes	Senior Vice President – Clean Energy Solutions
Yves Noel	Senior Vice President – Strategy and Corporate Development
Soubhagya Parija	Senior Vice President and Chief Risk Officer
Robert Piascik	Senior Vice President and Chief Information Officer
Karen Delince	Vice President and Corporate Secretary
Daniella Piper	Vice President – Digital Transformation / Chief of Staff
John Canale	Vice President – Strategic Supply Management
Joseph Leary	Vice President – Community and Government Relations
Patricia Lombardi	Vice President – Project Manager
Anne Reasoner	Vice President – Budgets & Business Controls
Ethan Riegelhaupt	Vice President – Corporate Communications
Scott Tetenman	Vice President – Finance
Thakur Sundeep	Controller
Christina Reynolds	Treasurer
Susan Craig	Director – Media Relations
Kerri Ahern	Manager – Customer Digital Experience
Jesse Scott	Manager – Key Account Management
Christopher Vitale	Senior Finance Project Manager
Eric Park	Lead Program Engineer I – Energy Efficiency
Melinda Li	Principal Attorney I – Finance & Bonds
Lorna Johnson	Senior Associate Corporate Secretary
Sheila Quatrocci	Associate Corporate Secretary
Michele Stockwell	Project Coordinator – Executive Office
Lori DeMichele	Board Travel Specialist

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 April 23, 2020 Proposed Special Meeting Agenda**

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

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. On motion made by member Dennis Trainor and seconded by member Eugene Nicandri, the members conducted and 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 Anthony Picente, the meeting resumed in open session.

4. DISCUSSION AGENDA

a. President and CEO Covid-19 Progress Report

President Quiniones provided a progress report on the Authority's response to the COVID-19 pandemic (Exhibit "4a-A").

President Quiniones said that the health and safety of its employees and the operation of its core business – generation and transmission - is the Authority's top priority. The Authority has been communicating, and managing the relationships, with its key customers by the launching of its Economic Development Customer Assistance Program. In addition, NYPA will continue its prudent financial management strategies to enhance liquidity and flexibility and manage the process of its planned bond issuance in May 2020.

Developing "Return-To-Work" (RTW) and Re-entry Plans

President Quiniones said that NYPA has different types of facilities which require different forms of return-to-work entry plans. To that end, NYPA is developing re-entry plans for its employees to return to work in a step-by-step phased basis. NYPA will ensure that it is protecting the health and safety of its employees, taking into consideration work that can be done effectively remotely and the subset of employees who are "high risk" and will need reasonable accommodations.

Utility Operations

Mr. Joseph Kessler, Chief Operations Officer, said that in preparation for the reliability of the summer capacity period, staff has put in place protocols to continue the essential work necessary for NYPA's summer maintenance program, and its regulatory compliance obligations and inspections.

Utility Operations sequestered approximately 80 personnel at all of the operating sites and will maintain that separation to about May 22nd. The return-to-work process will include keeping the separation in place in order to prevent any cross contamination of staff.

With regard to Canal Corporation, all non-essential work has been suspended. There was no sequestering of the employees; however, approximately 30 – 50 employees routinely reported because of scheduled inspections for dam safety and public safety obligations.

Commercial Operations

President Quiniones said that the Authority's energy efficiency projects such as boilers, chillers, HVAC systems and street lighting are on pause. However, at their request, NYPA will continue with those projects related to its governmental customers providing essential services, and those projects that enhance security or maintain reliability and availability of the equipment and systems in their facilities.

President Quiniones added that NYPA continues to receive applications for its Economic Development Customer Assistance Program whereby the Authority provide bill payment forbearance up to six months for its economic development customers, statewide. He said that the Authority has received positive feedback regarding this program.

Ms. Sarah Salati, Chief Commercial Operations Officer, continued that the safety and health of the Authority's employees and contractors will be the number one priority when the Authority review projects which will be under construction, going forward. Secondly, the Authority has been focused on ensuring that it is compliant with the Executive Orders in deeming what is essential versus non-essential work, and

also that it is responsive to its customers which are providing essential services on behalf of New York State – hospitals, local governments – where the Covid-19 response is centered.

Additionally, the Authority has begun discussions with energy sector agencies within New York State for New York's un-pause to ensure that the Authority is safely approaching restarts of projects, going forward. The Authority had 13 projects that have gone forward and an incremental 21 projects that are supporting hospitals, wastewater treatment facilities, and transit facilities.

Ms. Salati continued that, as President Quiniones mentioned, the Authority received positive feedback regarding the Authority's Economic Development Customer Assistance Program. At a meeting with some of the larger industrial customers that operate in many states, they articulated that NYPA was leading the way in setting the example and they wished that the other states which had similar utilities as NYPA, would do the same. She added that NYPA has 42 percent enrollment for the full six-month billing cycle. There is still opportunity for customers to sign up for the Customer Assistance program before NYPA ends the tenure of the Program.

The Authority received feedback that some of its customers have chosen to avail themselves of the Paycheck Protection that is a part of the federal government's stimulus package.

Financial Operations

President Quiniones said that as he reported at the March 31st Board meeting, NYPA's strategy has been to preserve its flexibility and liquidity; therefore, NYPA has been managing its cash prudently. The Authority is working on its Commercial Paper program and is now in the process of, and the Board has approved, executing its bond issuance that is slated to close in early May. In addition, The Authority is working on its hedging program to make sure that it manages its gross margin between now and the end of the year.

Mr. Adam Barsky, Chief Financial Officer, added that since the last Board meeting, the Authority has taken several actions to bolster its liquidity position. He said that the pause on capital projects and certain O&M spending has helped the Authority's liquidity position in terms of cash outflows. Last week, the Authority finalized a new revolving credit agreement for \$250 million which will also add to its liquidity position; therefore, the Authority is currently in a very good position.

He continued that the Authority is going through the process of putting all the pieces in place to be able to price and execute its long-term bond issuance. The Authority continues to maintain the schedule and expects to receive all of its ratings at the end of this week. The Authority's Preliminary Offering Statement is completed, and the Authority expects to price in the middle of next week and close within the second week of May, the target is May 12th.

President Quiniones ended by saying that the Authority is tracking its Strategic Plan as outlined to the Board on March 31st. In addition to its intention to execute its long-term bond issuance in May, operationally, the Authority is doing well under the circumstances. Going forward, the Authority will slowly, but step-by-step, do a responsible re-entry of its workforce and start executing on its strategy and strategic initiatives.

5. **Next Meeting**

Chairperson McKibben said that the next regular meeting of the Finance Committee will be held on May 14, 2020 at a time to be determined.

Closing

On motion made by member Dennis Trainor and seconded by member Anthony Picente, the meeting was adjourned by Chairperson McKibben at approximately 10:30 a.m.

Karen Delince

Karen Delince
Corporate Secretary

April 23, 2020

NYPA-CANAL FINANCE COMMITTEE

EXHIBITS

For

April 23, 2020

Special

Meeting Minutes



**NY Power
Authority**

President & CEO COVID-19 Progress Report

Gil Quiniones

President & Chief Executive Officer

April 23, 2020

April 2020 NYPA Headlines

- Developing “Return To Work” (RTW) and re-entry plans
- Implementing safety and reliability related work at NYPA and Canals
- Launching Economic Development Customer Assistance Program
- Un-pausing select clean energy projects for NYPA customers who provide “essential services”
- Continuing our prudent financial management strategies to enhance liquidity and flexibility
- Managing the step by step process of our planned bond issuance in May 2020

Enterprise Operations

Enterprise Operations

Future Actions

- **Build out Return to Work 'RTW' Strategies**
 - Develop location/facility-based means of identifying and tracking cases of COVID-19 in workforce (NYPA & non-NYPA)
 - Establish and implement Environment Health and Safety protocols to ensure best practice in place as construction and workplace activities resume
 - Investigate the use of anti-body testing
 - Conduct planning scenarios and develop metrics and trigger points for revisiting RTW strategy
 - Develop plan for transitioning control room operators from sequestration for control room operators
 - Manage operational priorities in accordance with revised budget and NYS Executive Orders

Implementation of Business Continuity and Pandemic Plans and Playbooks – Update

- Incident Command Structure (ICS) in place with some modification to support the extended duration of this emergency
- Daily wellness screenings and temperature checks at all NYPA locations continue
- Sequestration of power plant control room and transmission control center operators continues. DOH has provided testing for all operators prior to sequestration
- Based on the most recent EO – all non-essential staff will work from home through May 15, 2020
- Protocols implemented to ensure adherence to Executive Order requiring the use of masks where social distancing is not practical and the City of WPO Order requiring masks within city limits

Internal and external crisis communications system

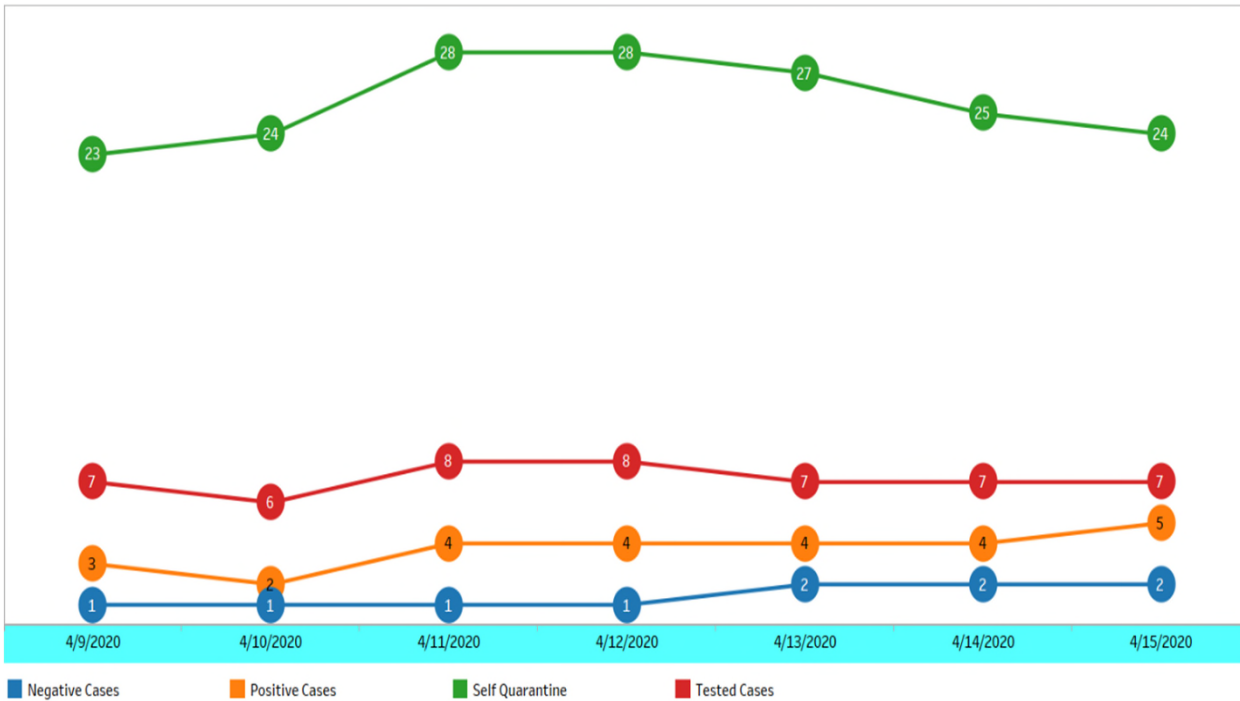
- Daily health survey
- Twice weekly senior staff meeting
- Weekly message from President & CEO
- Participation in weekly meetings to share intel/lessons learned - NY Utility CEOs, APPA, ESCC

Enterprise Operations

Staff COVID-19 Cases and Self-quarantines

COVID-19 EXECUTIVE SUMMARY REPORT

Last Updated at: 4/15/2020 1:00:50 PM



Return to Work Plans

- NYPA’s Deputy Incident Commander selected to join Exelon to lead “Responsible Re-Entry to the Workplace” for the ESCC
- Five lines of effort established for NYPA and Canals:
 - i. Utility Operations
 - ii. Continued Construction Projects
 - iii. Office Employees
 - iv. Permitting Work
 - v. External Facing Support

Customer Connections

Customer Connections

Future Actions

Clean Energy Solutions

- Mobilize to restart work deemed as “essential” at customer facilities
- Continue select remote work on projects to position NYPA for future “UNPAUSE”
- Working with Environmental Health & Safety to establish and monitor health and safety protocols for all construction work
- Work with sister agencies (NYSERDA, DPS, LIPA) to advise on “NY UNPAUSE” approach for energy sector
- Continue customer communications informing of invoice relief, work stoppage, and account management support

Wholesale Market Operations

- Continue with hedging, when prudent, for the rest of 2020 & future years to protect NYPA financial plan

Other

- Continue to monitor O&M/capex for prudent expense management

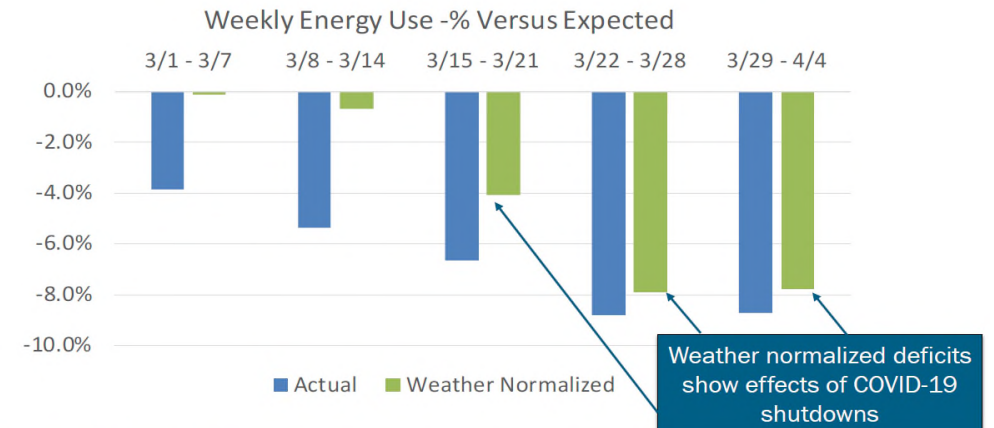
Customer Requests

- At customer request, NYPA has up-paused 21 essential projects (MTA, DEP, WC and others), and 13 critical safe and secure projects at health care facilities and local government facilities

Energy Demand and Consumption Patterns

- NYC daily energy down average of 8% from March 15; number now leveling off

Recent Impacts on Daily Energy by Week



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Customer Connections

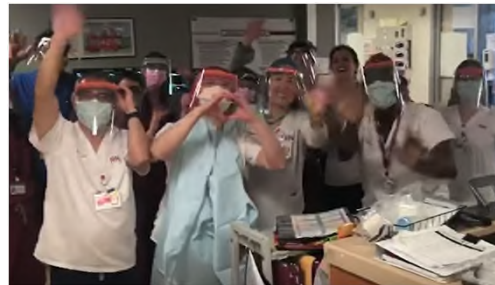
Economic Development Customers

- Targeted frequent customer communications keeping them informed of invoice relief, work stoppage, and account management support
- Customer reported load reduction is approximately 4% for RNY statewide and 16% in Western NY
 - WNY load reduction hovers around 83 MW
 - Major drivers in SENY 500 MW merchant load shift comes from revised load projections provided by the MTA and the Port Authority

Economic Development Customer Assistance Program Participation

- 286 customers have applied for EDCAP participation; 42% enrollment with a value of \$33.7 million

RNY Customer, Columbia University Librarians and wife of NYPA staff, produced 3D printed PPE for front line medical personnel. recipients included multiple RNY participating hospitals.



Financial Management

Financial Management

Future Actions

- Track of projected expenditure reductions vs ‘actuals’ savings
- Continue to identify opportunities for reduction in discretionary expenditure
- Reevaluate baseline spending for future years based on identified conservation measures
- Continue with prudent hedging for the remainder of 2020 and into future years
- Refine expense reductions and build into “base case” budget going forward
- Continue with efforts to seek out reimbursement from all government stimulus plans to offset COVID-19 expenses
- Maintain a strong liquidity position for the foreseeable future
- Continue due diligence and mail Preliminary Offering Statement. Market offering, receive rating and pricing. Target 5/12 for Bond issuance

Gross Margin Drivers

- NYPA Gross Margin - \$293M vs \$335M budget due to sustained low energy prices (as of April 13th)
- Increased expenses due to COVID-19
- Expense reductions currently under review; not included in projected loss numbers above

Wholesale electricity

- Statewide prices down ~55% from Budget YTD
- Expected to remain ~25% below Budget for the remainder of the year

Hedging Strategy

- Merchant Energy: ~ 57% Hedged
- Merchant Capacity: ~72% Hedged
- Portfolio Risk (P5): \$23 million

Cash Position

(\$. in Millions)	Cash and Investments	Credit Facility Avail	Issuance Proceeds	Total Liquidity
3/31/2020	\$635	\$56	\$0	\$691
4/13/2020	652	306	0	958

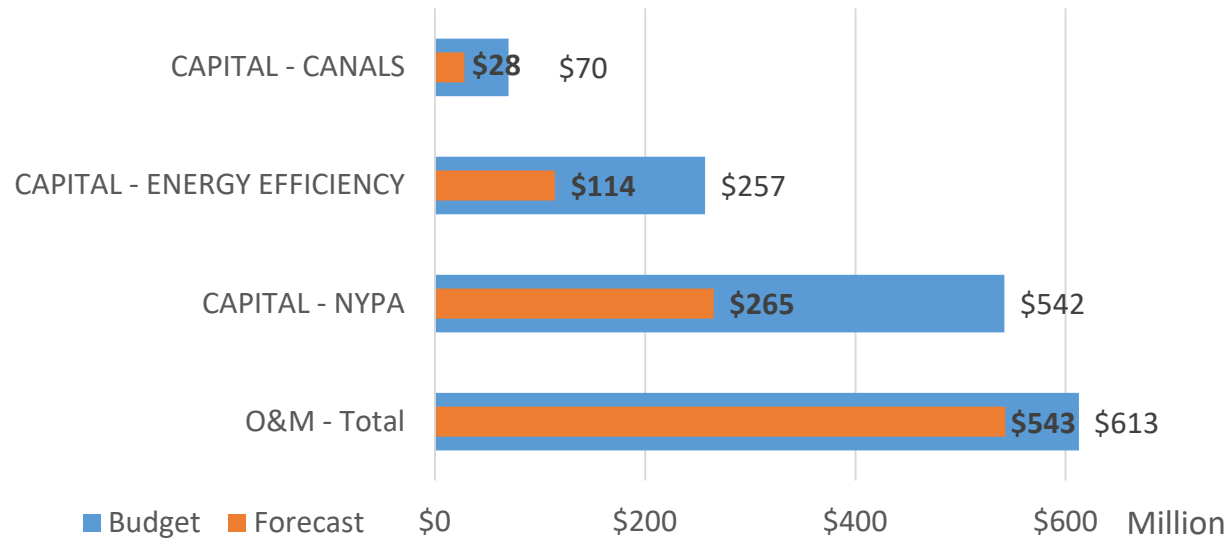


Financial Management

Capex/Opex Reduction

Efforts to conserve cash to meet short-term business needs and defer expenditure into 2021 - assuming a 6 month pause where possible, expenditures in the following categories have been re-evaluated resulting in 51% decrease in projected expenditure*

- Capital and O&M projects at NYPA and Canals
- Customer-sited energy solutions projects
- Reduction of discretionary expenses



51% Capex/Opex Reduction (\$535M)

* This takes into account the continuing projects on the right

Restarted Projects (\$400M)

- Certain key projects related to the safety & security or reliability & functioning of NYPA's critical assets and essential customer sited projects have been un-paused
- For construction projects, COVID-specific Health and Safety Plans are required and must be reviewed and approved by NYPA's Environmental Health and Safety Team
- A subset of the continuing major projects representing approx. \$250M is listed below:
 - Smart Path
 - AC Transmission
 - Transmission LEM
 - Next Generation Niagara
 - Lewiston Pump Generating Plant LEM
 - Battery Storage
 - Data Management
 - Customer-sited Energy Solutions

Financial Management

Issuance of Series 2020 Revenue Bonds – Key Milestones

- Issue between \$1 billion and \$1.5 billion of debt depending on credit market conditions to meet the business needs of the Authority during this crisis and beyond in order to maximize financial flexibility of NYPA and extend much needed assistance to our economic development customers

Workstream

Weekly Timing

Rating Agency Meetings - **Complete**

April 6th

Due Diligence Period

April 13th

Mail Preliminary Offering Statement

April 21st

Premarketing (Virtual Roadshow)

April 20th

Receive Ratings

April 24th

Deal Pricing

April 28th

Deal Close

May 12th



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