



**MINUTES OF THE JOINT MEETING
OF THE FINANCE COMMITTEE
January 23, 2024**

Table of Contents

<u>Subject</u>	<u>Page No.</u>
Introduction	2
1. Adoption of the January 23, 2024 Proposed Meeting Agenda	2
2. Motion to Conduct an Executive Session	2
3. Motion to Resume Meeting in Open Session	2
4. DISCUSSION AGENDA:	2
a. Financial Operations	2
i. Chief Financial Officer Report	2
b. Utility Operations	3
i. Project & Program Management Services Contract Award Resolution	3
ii. Smart Path Connect – Transmission Line Construction – Increase Funding Authorization Resolution	4
iii. Smart Path Connect – Substations Construction – Increase Funding Authorization Resolution	5
iv. Collective Bargaining Agreement between the New York State Canal Corporation and Civil Service Employees Association (CSEA) Resolution	6
v. Canals On Demand Infrastructure Repairs – Recommendation for Additional Funding Resolution	7
c. NYPA Development	7
i. Propel NY – Request for Capital Expenditure Authorization Resolution	7

<u>Subject</u>	<u>Page No.</u>
5. CONSENT AGENDA:	8
a. Governance	8
i. Approval of the Joint Meeting Minutes held on November 14, 2023	8
6. Next Meeting	8
Closing	9

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

Members of the Finance Committee present were:

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

Also in attendance were:

Justin E. Driscoll	President and Chief Executive Officer
Philip Toia	President – NYPA Development
Adam Barsky	Executive Vice President and Chief Financial Officer
Joseph Kessler	Executive Vice President and Chief Operating Officer
Daniella Piper	Executive Vice President and Chief Innovation Officer
Lori Alesio	Interim Executive Vice President & General Counsel – Legal Affairs
Yves Noel	Senior Vice President and Chief Strategy Officer
Robert Piascik	Senior Vice President and Chief Information & Technology Officer
Alexis Harley	Senior Vice President and Chief Risk and Resiliency Officer
Joseph Leary	Senior Vice President and Senior Advisor – Executive Office
David Mellen	Senior Vice President and Regional Manager
John Canale	Senior Vice President – Strategic Supply Management
Patricia Lombardi	Senior Vice President – Project Delivery
Angela Gonzalez	Senior Vice President – Internal Audit
Keith Hayes	Senior Vice President and Advisor – Executive Office
Dave Mellen	Regional Manager and Senior Vice President – Site Admin - Canals
Karen Delince	Vice Present and Corporate Secretary
Carley Hume	Vice President – Policy Communication & Chief of Staff
John Cabral	Vice President – Digital Architecture / Eng & Operations
Mario Roefaro	Vice President – Community and Government Relations
Karina Saslow	Interim Vice President – Human Resources
Rebecca Hughes	Deputy Executive Director – Canals
Jesse Scott	Strategic Project Director - Canals
John Brennan	Senior Director – IT Strategic Planning
Eric Firnstein	Director – Labor Relations
Christopher Vitale	Director – Projects
Lorna Johnson	Senior Associate Corporate Secretary
Sheila Quatrocci	Senior Associate Corporate Secretary
Michele Stockwell	Senior Assistant Corporate Secretary

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

Introduction

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

1. Adoption of the January 23, 2024 Proposed Meeting Agenda

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

Conflicts of Interest

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

2. Motion to Conduct an Executive Session

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

3. Motion to Resume Meeting in Open Session

On motion made by member Dennis Trainor and seconded by member Bethaida González, the meeting resumed in open session.

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

4. DISCUSSION AGENDA:

a. Financial Operations

i. Chief Financial Officer Report

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

2023 Preliminary Year-End Results

The Authority is currently in the audit process with its Auditors, KPMG. The results are unaudited; however, the Authority does not expect any material changes to the year-end results.

Net Income

The Authority's Net Income is currently at \$131 million; the target was \$95 million. The Operating Income results are lower than the Budget Plan primarily due to the drop in energy prices that occurred during 2023. As it relates to Revenues, there was a slight drop in transmission revenues due mainly to the FACTS revenue, which is revenue that is created as a result of congestion in the system and the associated costs.

Operating Income

Operating Income was below the Budget Plan because of lower energy revenues, both transmission and generation, which were offset by lower expenses. The expenses were lower because of the estimated higher costs for pension due to the performance of the Stock Market in the prior year; OPEB expense - retiree health care costs - which were lower than planned; and the performance of the investment portfolio as a result of rate increases by the Federal Reserve. The Authority is investing its portfolio into securities for a longer period, in order to be shielded when rates start going down, as expected, this year.

Defeasance of Series 2007B Bonds

Mr. Adam Barsky reported that in December 2023, the Board authorized the release of up to \$120 million to take advantage of any potential opportunities to refinance its debt. The Authority had an opportunity to use \$107 million to fund an escrow account invested in treasuries, the maturities of bonds that were issued in 2007, that were all taxable debt. A certain portion of the Authority's debt related to its hydro plants has to be taxable by the IRS Treasury code requirements, making it expensive for the Authority to issue that debt than a tax-exempt debt. It is generally very difficult to refinance or call a taxable debt because it is usually done on a "make-whole" basis.

However, given the fact that the rates of taxable debt today are much greater than the tax exempt, the Authority had an opportunity to fund the escrow account with treasuries that would economically and legally defease those bonds. The \$107 million was used to avoid \$180 million of principal and interest that would have otherwise been due on those bonds, saving \$73 million in interest costs over the life of those bonds. On a present-value basis, it is estimated to be approximately \$17 million or 19% of the total issue.

Therefore, in that regard, the refinancing was very positive for the Authority as it enabled the Authority to strengthen its Balance Sheet, reduce high-cost debt, and provide additional capacity for future capital needs, and is in keeping with the Authority's overall budget plan.

b. Utility Operations

i. Project & Program Management Services Contract Award

Mr. Andrew Boulais, Vice President of Project and Construction Management, provided highlights of staff's recommendation to the members. He said that staff is requesting that the Finance Committee recommend that the Board of Trustees approve the award of 15, five-year personal services contracts in an aggregate amount of \$70 million, at their meeting in February. The current set of Value Contracts will expire at the end of this year and the new contracts will help maintain continuity and execution.

He continued that the Authority's annual capital portfolio requires an emphasis on program project management services to assist staff in the completion of large programs on time and budget. This set of Value Contracts complements the program controls on "On-Call" contracts that were awarded and approved at the December 2023 meeting. The services of these "On-Call" contracts include, but are not limited to, project management, program management, construction management, and field Environmental, Health & Safety ("EH&S") support.

In April 2023, a Request for Proposal was issued. Thirty-two (32) proposals were received in May. Fifteen (15) were recommended for an award, seven of which were Minority/Women-Owned Business Enterprises (“M/WBE”) or Service-Disabled Veteran-Owned Business (“SDVOB”) firms. Many bids will be conducted amongst these suites of contracts for specific scopes of work, and when necessary. The vendors were evaluated by a cross-functional team on service capabilities, relevant experience, staffing, safety, M/WBE, SDVOB compliance, and commercial terms.

He ended that, following an extensive evaluation process, the Evaluation Committee recommends “On-Call” contract awards to the vendors listed, in an aggregate amount of \$70 million for a five-year term.

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

RESOLVED, That the Finance Committee recommends that the Board of Trustees approve, pursuant to the Guidelines for Procurement Contracts adopted by the Authority, and the Authority’s Expenditure Authorization Procedures, the award of five-year Project and Program Management Services value contracts to AECOM USA Inc. (Chicago, IL), CHA Consulting Inc.(Albany, NY), H2M architects + engineers (Melville, NY), Jacobs Project Management Co. (New York, NY), Jingoli Power, LLC (Lawrenceville, NJ), K&A Engineering Consulting, P.C. (White Plains, NY), Parsons Engineering of New York, Inc. (Syracuse, NY), WSP USA INC. (New York, NY), Dagda Corporation, (Hellertown, PA), Ferreira Power Group LLC (Branchburg, NJ), Haydan Consultants Inc. (Rosedale, NY), LUZCO Technologies LLC (St. Louis, MO), Macan Deve Engineers DPC (White Plains, NY), TRM Environmental Consultants LLC (Westernville, NY), Toll International LLC (New York, NY), and Henningson, Durham & Richardson Architecture and Engineering, P.C. (HDR) (Omaha, NE) in the aggregate amount of \$70,000,000, as recommended in the report of the President and Chief Executive Officer; and be it further

RESOLVED, That the Authority will use Capital or Operating Funds, as appropriate, which may include proceeds of debt issuances, to finance the costs of projects; and be it further

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

ii. **Smart Path Connect – Transmission Line Construction – Increase Funding Authorization**

Mr. Andrew Boulais, Vice President of Project and Construction Management, provided highlights of staff’s recommendation to the members. He said that staff is requesting that the Finance Committee recommends the Board of Trustees’ approval of an increase in funding for the value contract with Michels Power in the amount of \$23.5 million at their meeting in February. He continued that due to changes in outages and unforeseen regulatory and permitting requirements, it necessitated re-baselining the project schedule and is leading to increased costs. In collaboration with the New York Independent System Operator, the transmission line outages have extended to 2025. However, the targeted in-service date remains the same, at the end of 2025. The proposed spending of the project is included in the annual budget and the four-year capital plan and payments for the project will be made from the Authority’s Separately Financed Project’s capital fund.

He concluded that the original contract was approved by the members in May 2022 for a term of six years; no extension is required at this time. This proposal brings the total of the Value Contracts total to \$229.5 million.

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

RESOLVED, that the Finance Committee recommends that the Board of Trustees approve, pursuant to the Guidelines for Procurement Contracts adopted by the Authority, and the Authority's Expenditure Authorization Procedures, increased authorization in the amount up to \$23,500,000 to Michels Power Inc. for the Smart Path Connect Project, as recommended in the report of the President and Chief Executive Officer; and be it further

RESOLVED, that NYPA will use Capital Funds, which may include proceeds of debt issuances, to finance the costs for the project; and be it further

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

iii. Smart Path Connect – Substations Construction – Increase Funding Authorization

Mr. Andrew Boulais, Vice President of Project and Construction Management, provided highlights of staff's recommendation to the members. He said that staff is requesting that the Finance Committee recommends the Board of Trustees' approval of an increase in funding for the Value Contract with Michels Power in the amount of \$30.5 million at their meeting in February. He continued that the substation construction contract was awarded based on a 60% design in order to maintain the project's in-service date by the end of 2025.

Through design evolutions leading up to the issue for construction design, which includes substation conditions, changing regulatory requirements resulting in substation layout changes, foundation design changes, and additional structural steel needed to meet the design intent, staff is foreseeing additional costs to complete the construction. This increase includes, but is not limited to, foundation quantities and sizes, retaining walls, additional bedrock to be removed and winter work conditions.

The proposed spending for the project is within the annual budget and included in the four-year Capital Plan. Payments associated with the project are funded through the Authority's Separately Financed Project's capital fund. The original contract was approved by the Trustees in August 2022 for a term of five years; no extension is required at this time. This proposal brings the Value Contracts total to \$139.7 million.

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

RESOLVED, that the Finance Committee recommends that the Board of Trustees approve, pursuant to the Guidelines for Procurement Contracts adopted by the Authority, and the Authority's Expenditure Authorization Procedures, increased authorization in the amount up to \$30,500,000 to Michels Power Inc. for the Smart Path Connect Project, as recommended in the foregoing report of the President and Chief Executive Officer; and be it further

RESOLVED, that NYPA will use Capital Funds, which may include proceeds of debt issuances, to finance the costs for the project; and be it further

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

iv. **Collective Bargaining Agreement between the New York State Canal Corporation and Civil Service Employees Association (CSEA)**

Mr. Eric Firnstein, Director of Labor Relations, provided highlights of staff's recommendation to the members. He said that the CSEA contract, currently being negotiated, expired on June 30, 2022. A tentative agreement was reached on November 17, 2023, and the CSEA ratified it on January 11, 2024. The agreement is now before the Board members for their approval. He continued that the terms of the new contract are from July 1, 2022, to June 30, 2027, a period of five years. The GWI is 2% for 2022 and 2023, 3% beginning July 1, 2025, and 3% beginning July 1, 2026. In addition, it includes a lump-sum payment of \$3,000, not added to the base.

Some of the highlights of the contract, in addition to the GWIs, include:

- **Salary Scale Adjustment** - Effective April 1, 2024. It was agreed to eliminate certain entry-level hiring rates that resulted in a \$2.00 per hour salary scale adjustment that will help Canals in its recruitment and retention efforts for employment positions and enable the organization to remain competitive with other New York State agencies and authorities.
- **Contracting out Work** - The Authority gaining the ability to contract certain work to allow it to inspect and address certain Canal properties. This is expected to minimize potential exposure to liability.
- **Benefits** - Modifications for reimbursement related to licenses required for certain job titles; change in meal allowance; and safety footwear and clothing.
- **Retiree Medical Coverage** - A consistent rate for retirees for cost of medical coverage.
- **Holidays** - Juneteenth was formally added to the contract. This was already being recognized but is now officially earmarked as an additional holiday in the contract.

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

RESOLVED, that the Chief Operating Officer and Director of Labor be, and hereby is, authorized on behalf of the New York State Canal Corporation to execute a Collective Bargaining Agreement with The Civil Service Employees Association, Local 1000, AFSCME, AFL-CIO, Negotiating Unit III covering specified operating and maintenance employees of the Canal's facilities with changes to that Agreement as described in the foregoing memorandum, subject to approval of the Chief Operating Officer and the Interim Executive Vice President and General Counsel; and be it further

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

v. Canals On Demand Infrastructure Repairs – Recommendation for Additional Funding

Mr. David Mellen, Regional Manager and Senior Vice President, Site Administration - Canals, provided highlights of staff recommendation to the members. He said that staff is requesting that the Finance Committee recommends the Board's approval of additional funding of \$10 million to the current suite of On-Demand Infrastructure Repair contracts. The contracts have been in place since 2018. They were awarded for an aggregate amount of approximately \$ 57 million for a term of five years expiring at the end of 2023. Prior to the expiration, a 12-month extension for the period November 2023 – November 2024, in addition to a \$5,000,000 Change Order, was approved; this brought the total aggregate approved amount to \$62 million.

He continued that staff is requesting approval for an additional \$10 million to extend this critical contract to mid-year 2024, for total approved amount of \$72 million, after which a new series of contracts will be put in place between April and June 2024. When the new contracts are in place and ongoing assignments with the old suite of contracts are completed, the new suite of contracts will begin.

He further stated that the contracts were in place in 2018 with more than 140 assignments averaging approximately \$12 million per year with categories of work including emergencies and time-sensitive infrastructure issues that need to be fixed immediately.

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

RESOLVED, that the Finance Committee recommends that the Board of Trustees approve the allocation of the sum of \$10,000,000 in additional funding for the awarded contracts related to Canals' On Demand Infrastructure Repairs which will increase the total aggregate value available for these awarded contracts to \$72,353,400, as recommended in the report of the President and Chief Executive Officer; and be it further

RESOLVED, that the Authority will use capital or operating funds, as appropriate, which may include proceeds of debt issuances, to finance the costs of projects; and be it further

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

c. NYPA Development

i. Propel NY - Request for Capital Expenditure Authorization

Ms. Ana Stachowiak, Sr. Program Director of Projects Development, provided highlights of staff recommendation to the members. She said that staff is requesting the members' approval of the initial release of capital expenditures in the amount of \$50 million for the Propel New York Energy Project.

The project was selected by the NYISO in June 2023 to address the Long Island offshore transmission need for the state. The project consists of approximately 90 miles of new underground 345 kV transmission lines which includes submarine porches that go across the Long Island Sound. Four new substations will be built as part of the project, as well as multiple substation upgrades along the project route.

The Project and service date is targeted for May 2030 as required by the NYISO. NYPA is collaborating with New York Transco on the development and execution of the project. To date, the teams are working very collaboratively and engaging in early stakeholder outreach in Long Island, Bronx, Westchester, and Queens. The request is for a \$50 million initial release of funding from the \$500 million overall project investment.

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

RESOLVED, That the Finance Committee recommends that the Board of Trustees, pursuant to the Authority's Capital Planning and Budgeting Procedures, approves project authorization in the amount not to exceed \$500,000,000 for the Propel NY Project, subject to the Board of Trustees' approval of the agreement with the New York Independent System Operator ("NYISO"), and as recommended in the report of the President and Chief Executive Officer; and be it further

RESOLVED, That the Authority is authorized to expend up to \$50,000,000 prior to issuance of the Article VII permit, and spending above this amount shall be approved by the Board of Trustees; and be it further

RESOLVED, That the Authority will use Capital Funds, which may include proceeds of debt issuances, to finance the costs of this Project; and be it further

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

5. CONSENT AGENDA:

On motion made by member Dennis Trainor and seconded by member Bethaida González the Consent Agenda was unanimously adopted.

a. Governance

i. Approval of the Minutes of the Joint Meeting held on November 14, 2023

On motion made by member Dennis Trainor and seconded by member Bethaida González, the Minutes of the joint meeting held on November 14, 2023 were unanimously adopted.

6. Next Meeting

Chair John Koelmel stated that the next regular meeting of the Finance Committee is to be held on March 2, 2024.

Closing

On a motion made by Member Dennis Trainor and seconded by member Bethaida González, the meeting was adjourned at approximately 10:10 a.m.

Karen Delince

Karen Delince
Corporate Secretary