



**MINUTES OF THE JOINT MEETING
OF THE FINANCE and RISK COMMITTEE
January 24, 2023**

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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 8:30 a.m.

Members of the Finance Committee present were:

Tracy B. McKibben - Chair
John R. Koelmel
Michael Balboni
Dennis Trainor
Bethaida González

Anthony Picente, Jr. - Excused

Also in attendance were:

Justin E. Driscoll	Acting President and Chief Executive Officer
Philip Toia	President – NYPA Development
Adam Barsky	Executive Vice President and Chief Financial Officer
Sarah Salati	Executive Vice President and Chief Commercial Officer
Joseph Kessler	Executive Vice President and Chief Operating Officer
Karina Saslow	Interim Vice President Human Resources
Lori Alesio	Interim Executive Vice President & General Counsel – Legal Affairs
Daniella Piper	Regional Manager and Senior Vice President – Niagara Project
Yves Noel	Senior Vice President and Chief Strategy Officer
Robert Piascik	Senior Vice President and Chief Information & Technology
Patricia Lombardi	Senior Vice President – Project Delivery
Keith Hayes	Senior Vice President – Clean Energy Solutions
Joseph Leary	Senior Vice President & Senior Advisor
Lee Garza	Senior Vice President Financial Operations
Karen Delince	Vice Present and Corporate Secretary
John Canale	Vice President – Strategic Supply Management
Girish Behal	Vice President Project & Business Development
Andrew Boulais	Vice President & Construction Management
Eric Meyers	Chief Information Officer
Larry Mallory	Sr. Director Security & Crisis Management
Victor Costanza	Sr. Director Cyber Security & Deputy CISO
Thomas Spencer	Sr. Director – Enterprise & Operational Risk
Carley Hume	Vice President Policy Communication and Chief of Staff
Andrew Pelletier	Manager – Corporate Real Estate
Christopher Vitale	Financial Performance & Reporting Manager
Lorna Johnson	Senior Associate Corporate Secretary
Sheila Quatrocci	Senior Associate Corporate Secretary
Michele Stockwell	Project Coordinator - Corporate Secretary

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 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 24, 2023 Proposed Meeting Agenda

On motion made by Member Dennis Trainor and seconded by Member John Koelmel, the agenda for the meeting was adopted.

Conflicts of Interest

Chairperson McKibben and Members Koelmel, Picente, Trainor, and González 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 John Koelmel, 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.

Chairperson McKibben said 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.

Preliminary Year-End Results (January – December 2022)

Net Income

Net Income year-end projection was in the range of \$112M and \$135M with \$118M expected. Based on the Preliminary Year-End results, Net Income is projected to be significantly above the expected target for the year at \$130 million. This result is driven mainly by higher energy prices through the Merchant Portfolio. This was offset by additional revenues from the Authority's transmission assets than previously budgeted and lower expenses. These energy prices, however, are not sustainable and will normalize towards historical norms with the warmer than normal temperatures which will have an impact on energy prices in the New Year. Based on the results, NYPA achieved its goals for 2022.

ii. **Chief Risk & Resilience Officer Report**

Mr. Thomas Spencer, Senior Director of Enterprise and Operational Risk Management, provided highlights of the report to the members.

2022 Key Accomplishments:

Resilience

The Resilience Team completed the Argon Climate Resiliency and Adaption Study. The study used scenario analysis to look at multiple climate hazards spanning a 25–30-year time horizon and the potential impacts on NYPA’s assets. The factors impacting the NYPA assets are potential increase in rising water levels at SENY and operational changes based on a shift in the shoulder months due to warming temperatures.

Enterprise & Operational Risk

The Enterprise and Operational Risk Team finalized the NYPA and Canal Corporation Risk Appetite Statement. The team also completed the annual Enterprise Risk Assessment Process, updating the NYPA and Canals risk profiles. In addition, the team conducted a year-over-year Maturity Assessment using a scale from 0 – 5. The Maturity Score was increased from 2.4 to 3.2 during 2022. The team exceeded its targeted goal of 3.0 and industry standard benchmark of 2.7

Market and Commodities Risk

The Marketing Commodities team helped dampen the impacts of market volatility by working with the Business Units to assist in the execution of commodity hedging strategies for power and aluminum, while ensuring that those transactions only took place with highly rated credit counterparties.

Corporate Insurance

Corporate Insurance continued to further refine its retention levels and policy limits through the annual renewal process. The team also established the formation of the Captive Insurance company.

2023 Goals:

Resilience

The Resilience team will finalize and implement the resilience framework across Business Continuity Planning, Crisis Management, and IT Disaster Recovery that will ensure greater collaboration and leverage of synergies between the teams. Additionally, the team will continue to develop the emerging risk program and will provide the members with an Emerging Risk update in May.

Enterprise & Operational Risk

The Enterprise & Operational Risk team will update the NYPA and Canals risk profiles through the Annual Enterprise and Operational Risk Assessment process, ensuring alignment with the Risk Appetite Statement. The team will also be performing an updated Risk Management Maturity Assessment to show year-over-year growth in the Risk Management Maturity. The results will be reported to the members in Q2 and Q3.

Market and Commodities Risk

The Market and Commodities Risk team will continue to expand and mature the credit risk function and also work with Business units on identifying, developing, and executing on different market opportunities and hedges.

Corporate Insurance

The Corporate Insurance team will begin utilization of the Captive Insurance Company and within the initial phase of the Captive Program start underwriting both property deductible and terrorism insurance. In addition, the team will be reviewing the Owner-Controlled Insurance Program and examining both the

strategy and structure of the program before its renewal in June. The members will be provided the results of these activities.

In closing, Mr. Spencer said that the Risk Management and Resiliency teams are well-positioned for future success and are looking forward to report on the results of their efforts and activities during the year to the members.

iii. **Strategic Supply Management Update –
2022 Accomplishments and 2023 Look Forward**

Mr. John Canale, Vice President of Strategic Supply Management, provided highlights of the report to the members. He said that Strategic Supply Management (“SSM”) continues its focus on providing an agile and flexible approach to NYPA’s procurement activities in support of its VISION2030 Strategy. SSM focused its efforts on growing its supply chain with greater participation from diverse firms while managing supply chain risks.

2022 Accomplishments

SSM’s 2022 accomplishments include:

- 24 Supplier Diversity outreach events, doubling the target of 12 events. This included an annual M/WBE forum held in Albany, where NYPA participated in two panel discussions and was the recipient of the M/WBE Champions Award.
- Expansion of its outreach efforts, onboarding approximately 700 new suppliers in its Airba Digital Sourcing Platform to meet the procurement goals of the VISION2030 Strategic Initiative.
- Issuance of more than 600 request for proposals (“RFPs”) which included RFPs to support projects such as ConnectAll, Smart Path Connect, Next Generation Niagara, Captive Insurance and Canal Corporation’s Excursion programs.
- Working with the Cyber Security team, SSM qualified and additional 22 Bulk Electric System (“BES”) suppliers to ensure compliance with NERC CIP-013 requirements. To date, approximately 100 suppliers have been pre-qualified in this area.
- In compliance with Governor Hochul’s Executive Order 16, SSM collected nearly 1,000 certifications regarding suppliers’ business presence in Russia, prior to issuing any new Purchase Orders or Change Orders.
- More than \$172 million in diverse spend among Minority/Women-Owned Business Enterprise (“M/WBEs”), Service-Disabled Veteran-Owned Business (“SDVOBs”) and New York State small businesses.

Aligning 2023 Goals to VISION2030

The Year 2023 will mark the 40-year anniversary NYPA’s Supplier Diversity Program. To date, the Authority have spent more than \$1.7 billion with diverse suppliers, and will continue to develop its M/WBE, SDVOB and small and local businesses through its Supplier Diversity programs which are aimed at building capacity and competencies.

Diversity, Equity & Inclusion

On January 10, SSM held a Grow Your Business and Career event with Empire State Development Corporation and other agencies, at the Northland Workforce Training Center in East Buffalo, and received

positive feedback. In addition, SSM is in the process of planning its annual Supplier Diversity Expo in White Plains on March 1st and expects more than 300 attendees at the event.

Resilience

SSM continues to evaluate opportunities to establish long-term contracts with domestic suppliers to improve logistics and transportation, mitigating geopolitical threats, and other supply chain issues.

Resource Alignment

SSM is planning to launch procurement strategies for a transition program in partnership with the Business Development and Project Management teams.

Environmental, Social & Governance

In support of New York State's Executive Order 22, SSM will integrate sustainability requirements in procurement sourcing events. Furthermore, SSM will also integrate supplier sustainability criteria as part of its RFP evaluation process.

Digitization

SSM is planning to automate its procurement award process, e.g., generation of awards, FERC, and Board approval documents.

b. Utility Operations

i. Substation Construction & Maintenance Support – On-Call Contract Awards

Mr. Andrew Boulais, Vice President of Project and Construction Management, provided highlights of staff's recommendation to the committee. He said that staff is requesting that the Finance and Risk Committee recommend that the Board of Trustees, at their February Meeting, approve the award of four, 10-year construction contracts in support of substation construction and maintenance, in the aggregate amount of \$150 million, to Michels Power, Inc., Kiewit Power Constructors Co., Henkels & McCoy, Inc., and MJ Electric, LLC.

The Authority's long-term asset management strategy has identified construction-related work to be accomplished in the next ten years in support of its VISION2030 Strategy. These contract services will include, but are not limited to, site work, foundations, civil and electrical work, installation, and commissioning of substation equipment. They will also allow the Authority to react quickly to planned and emergent work it has identified, and which can be leveraged to address physical security risks identified at its substations. He continued that, in December 2021, a Request for Proposal was issued, and ten proposals were received in February 2022. The list was narrowed down to five providers because of their technical and organizational capabilities, capacity, and experience. Several posted addendums were issued to provide clarification and to extend the bids.

Following an extensive evaluation process, the Evaluation Committee recommended the award of contracts to the aforementioned companies in the amount indicated.

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

RESOLVED, That the Finance and Risk Committee recommends that the Trustees approve, pursuant to the Guidelines for Procurement Contracts adopted by the Authority and the Authority's Expenditure Authorization Procedures, the award of ten-year, on-call construction contracts to Michels Power, Inc., of Neenah, WI, Kiewit

Power Constructors Co. of Omaha, NE, Henkels & McCoy, Inc. of Blue Bell, PA, and MJ Electric, LLC of Houston, TX, in the not to exceed, aggregate amount of \$150 million for a term of 10 years, as recommended in the report of the Acting President and Chief Executive Officer; and be it further

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

RESOLVED, That the Chair, the Vice Chair, the Acting President and Chief Executive Officer, and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority 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 Anthony Picente, Jr. and seconded by member Dennis Trainor, the Consent Agenda was unanimously adopted.

a. Utility Operations

i. Reimagine the Canals Program – Brockport Pedestrian Bridge Construction Services – Contract Award

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

RESOLVED, That the Finance and Risk Committee recommends that the Trustees approve the award of construction services contract to construct the Pedestrian Bridge at Brockport Guard Gate, as part of the Reimagine the Canals Program, to Crane-Hogan Structural Systems, Inc. of Spencerport, NY for a total authorization amount of approximately \$12.5 million for a three-year term, as recommended in the report of the Acting President and Chief Executive Officer; and be it further

RESOLVED, That the Chair, the Vice Chair, the Acting President and Chief Executive Officer, and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority 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. White Plains Office General Contractor Services – On-Call Contract Awards

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

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 five-year

contracts to Deborah Bradley Construction & Management Services Inc. and Scully Construction LLC., in the aggregate amount of \$11 million for On-Call General Contractor Services at the White Plains Office, as recommended in the report of the Acting President and Chief Executive Officer; and be it further

RESOLVED, That the Chair, the Vice Chair, the Acting President and Chief Executive Officer, and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority 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.

b. Approval of the Minutes of the Joint Meeting held on November 15, 2022

On motion made and seconded the Minutes of the joint meeting held on November 15, 2022 were unanimously adopted.

6. Next Meeting

Chairperson McKibben stated that the next regular meeting of the Finance and Risk Committee will be held on March 16, 2023.

Closing

On motion made by Member Michael Balboni and seconded by member Dennis Trainor, the meeting was adjourned by at approximately 10:14 a.m.

Karen Delince

Karen Delince
Corporate Secretary