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Minutes of the regular meeting of the New York State Canal Corporation's Governance Committee held at the Clarence D. Rappleyea Building, 123 Main Street, White Plains, New York, at approximately 8:30 a.m.

The following Members of the Governance Committee were present:

Trustee Anne M. Kress, Chair
Trustee Eugene L. Nicandri, Member
Trustee Anthony Picente, Jr., Member

Trustee John R. Koelmel - Excused
Trustee Anthony Picente, Jr. - Excused

Also in attendance were:

Gil Quiniones  President and Chief Executive Officer
Justin Driscoll  Executive Vice President and General Counsel
Karen Delince  Vice President and Corporate Secretary
Joseph Gryzlo  Vice President and Chief Ethics and Compliance Officer
Lorna Johnson  Senior Associate Corporate Secretary
Sheila Baughman  Senior Assistant Corporate Secretary
Jaiah Gottor  Lead Network Analyst – Infrastructure
Glen Martinez  Senior Network Analyst – Infrastructure

Chairperson Kress presided over the meeting. Corporate Secretary Delince kept the Minutes.
Introduction

Chairperson Kress welcomed committee members and senior staff to the meeting. She said 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 Governance Committee Charter.
1. **Adoption of the Proposed Meeting Agenda**

   Upon motion made by Trustee Nicandri and seconded by Trustee McKibben, the Agenda for the meeting was adopted.
2. **Motion to Conduct an Executive Session**

   *Madam Chair, I move that the committee conduct an executive session to discuss an ongoing investigation (pursuant to section 105c of New York Public Officers Law).*

   Upon motion made by Trustee McKibben and seconded by Trustee Nicandri, an Executive Session was held.
3. **Motion to Resume Meeting in Open Session**

   *Madam Chair, I move to resume the meeting in Open Session.* Upon motion made and seconded, the meeting resumed in Open Session.
4. **CONSENT AGENDA:**

   Upon motion made by Trustee McKibben and seconded by Trustee Nicandri, the Consent Agenda and Reports provided by staff to members of the Governance Committee were approved.
a. **Canal Corporation Ethics & Compliance Program**

The Vice President and Chief Ethics & Compliance Officer submitted the following report:

**“SUMMARY”**

The Office of Ethics and Compliance (‘E&C Office’) advises the NYS Canal Corporation (‘Canals’) trustees, officers and employees on the legal, regulatory and Code of Conduct ethics and compliance standards relating to Canals’ employees and operations. It coordinates the investigation of allegations and concerns involving Canals’ assets and employees. This report highlights significant developments of the Canals’ ethics and compliance program since NYPA assumed responsibility for its programs on January 1, 2017.

**BACKGROUND**

NYPA’s E & C Office engaged with NYS Thruway Authority (‘Thruway’) staff throughout the fall of 2016 in preparation to assume responsibility of the Canals’ Ethics and Compliance program (‘E & C Program’). Those discussions and document reviews included developing an inventory of the status of the existing ethics program at Canals, reviewing policies, procedures, forms and all open investigations cases and issues that NYPA should be aware of before assuming control of the E & C Program. Prior to January 1, NYPA decided to maintain the existing Thruway ethics policies, procedures and governance documents applicable to Canals until such time as a full review has been completed, including impacts to collective bargaining agreements. These documents are in the process of being re-branded to limit their applicability to Canals’ employees and will be further reviewed for content changes.

**Communications**

Thruway did not utilize an outsourced Whistleblower Hotline applicable to Canals. It used a dedicated landline located in its Audit and Management Services Department which served as the vehicle for reporting allegations and complaints. NYPA currently utilizes an outside vendor to provide 24/7 access to its Employee Concerns Line. The E & C Office amended its current agreement with the Concerns Line vendor to make it available to Canals staff. There was a modest increase in the annual service fee and a nominal cost involved in altering the intake questionnaire utilized by Concerns Line staff.

The E & C Office sent an e-mail communication to all Canals staff introducing its purpose, services, staff and the Concerns Line availability to all Canals staff. Additionally, NYPA’s Corporate Communications Department revised NYPA’s E & C Program poster to provide a visual display at each Canals’ location to ensure that employees have access to appropriate resources to answer any ethics, compliance or security related questions and report allegations or complaints affecting Canals’ employees and assets. The Concerns Line has been utilized for the reporting of Canals’ issues since it was made available to Canals.

E & C Office staff plan to visit Canals’ headquarters during the second quarter of 2017 and will become familiar with other Canals’ facilities during 2017.

**Investigations**

There are currently three open fraud investigations involving Canals. Two of those cases are being investigated by the NYS Inspector General’s Office (‘NYS OIG’) and will remain open until that agency deems them to be closed. The third open case is being investigated by the NYS Joint Commission on Public Ethics (‘JCOPE’). There is no estimated timeframe for closing these matters at this time. The E & C Office is facilitating these investigations by responding to
information requests and will coordinate the implementation of any corrective actions resulting from them.

Thruway estimates that Canals generates between 12-15 investigations annually.

Emerging Caseload

NYPA has received and closed one Concerns Line report involving an allegation of Canals’ failure to notify a regulatory agency of an employee’s failed drug test. NYPA determined that Thruway previously addressed this issue which included disciplinary action being imposed to the affected employee. Thruway also determined that there was no duty to notify a regulatory authority based on the employee’s job classification.

The E & C Office has provided ethics guidance to a Canals’ policy maker who had previously obtained approval for outside employment as a musician. As a designated policy maker for purposes of financial disclosure, this employee was required to seek and obtain permission from JCOPE to engage in this outside activity. After obtaining both agency and JCOPE approval, the employee learned that Canals had contacted the Albany Symphony Orchestra to engage its services at upcoming Canals’ 200th Anniversary events. Upon learning of this development, the employee was informed that she could not undertake any outside employment assignments with the Orchestra if there was any nexus to the Canals and that she could not participate in any negotiations between Canals and the Orchestra.

In another case, a recent appointee to the NYS Canal Recreationway Commission resigned his seat on that board after he learned during JCOPE ethics training that he would not be allowed to pursue a grant for his personal business from another State agency or Authority under section 73(7)(a)(iv) of the Public Officers Law.

Financial Disclosure

Canal currently has 24 participants in the annual Financial Disclosure Program administered by JCOPE. Of those 24, 8 are designated as policy makers and no exemptions have been granted. In addition, there are currently seven members of the NYS Canal Recreationway Commission who are designated policy makers.

Project Sunlight

NYPA has been processing Project Sunlight entries for Canals’ meetings which fall under the reporting requirements of the Public Integrity Reform Act of 2011. The E & C Office will provide additional training to Canals’ employees on Project Sunlight’s requirements and reporting process.

TECHNICAL COMPLIANCE

SUMMARY

This report highlights important aspects of NYPA’s Technical Compliance support for the Canal Corporation and related integration activities for the period July 26, 2016 to March 21, 2017. A brief background statement is followed by discussion of specific Technical Compliance-related topics affecting the enterprise.

BACKGROUND

As part of the overall integration activities, the following groups within Technical Compliance have been working with the Canal Corporation and NYS Thruway personnel to
ensure a seamless transition for their respective core functions. These groups are Physical Infrastructure Security, Emergency Management, and Code Compliance.

**DISCUSSION**

**Physical Infrastructure Security and Emergency Management**

As part of the Utility Operations Team supporting the Canal Corporation integration, Physical Infrastructure Security and Emergency Management ensured that appropriate security access controls and service agreements for contract security personnel were in place prior to NYPA taking full-control of the Canal Corporation.

Emergency Management is working with a consultant and Canal Corporation personnel to improve Canal Corporation's Emergency Management program prior to the navigation season. This effort includes meeting with Canal Corporation stakeholders to socialize the program and conduct drills (i.e. moveable dam) to develop an incident notification workflow.

Physical Infrastructure Security is working with Canal Corporation personnel to develop a scope-of-work for a physical security assessment which is expected to be completed in 2017. On February 24, Physical Infrastructure Security and Emergency Management met with key stakeholders at the Canal Corporation to discuss the parameters, goals and objectives of this assessment. Follow-up meetings are scheduled such that the 2017 completion target date is met.

**Code Compliance**

As the Canal Corporation is not a self-permitting agency under Title 19 – Part 1204, NYPA's Code Compliance Group is the Authority having jurisdiction over any building, premise, and equipment in the custody of the Canal Corporation with respect to the administration and enforcement of the Uniform Code.

NYPA’s Code Compliance Group is working with Canal Corporation personnel in executing its work plan which includes activities such as hiring contract support, conducting an assessment of major facilities, developing governance, and socializing the code compliance program. Additionally, NYPA Code Compliance is working with Legal to engage the NYS Department of State to initiate the process to make the Canal Corporation a self-permitting agency such that it would be a separate entity from that of NYPA with respect to the administration and enforcement of the Uniform Code."
5. **Next Meeting**

Chairperson Kress said the next regular meeting of the Governance Committee is to be held on Tuesday, July 25, 2017 at a time to be determined.
Closing

Upon motion made and seconded, the meeting was adjourned by the Chair of the Committee at approximately 8:49 a.m.

Karen Delince
Karen Delince
Corporate Secretary