



**MINUTES OF THE MEETING
OF THE
GOVERNANCE COMMITTEE**

July 25, 2017

Table of Contents

<u>Subject</u>	<u>Page No.</u>	<u>Exhibit</u>
Introduction	2	
1. Adoption of the July 25, 2017 Proposed Meeting Agenda	3	
2. CONSENT AGENDA:	4	
a. Minutes of the Canal Corporation Regular Meeting held on March 21, 2017	5	
b. Canal Corporation Ethics & Compliance Program and Technical Compliance Utility Operations	6	
3. Next Meeting	10	
4. Closing	11	

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 John R. Koelmel - Member
Trustee Eugene L. Nicandri, Member
Trustee Anthony Picente, Jr., Member
Trustee Tracy McKibben - Member

Also in attendance were:

Dennis G. Trainor	Trustee
Gil Quiniones	President and Chief Executive Officer
Justin Driscoll	Executive Vice President and General Counsel
Joseph Kessler	Executive Vice President and Chief Operating Officer
Jill Anderson	Executive Vice President and Chief Commercial Officer
Kimberly Harriman	Senior Vice President - Public and Regulatory Affairs
Ken Lee	Senior Vice President and Chief Information Officer
Kristine Pizzo	Senior Vice President - Human Resources and Enterprise Shared Services
Soubhagya Parija	Senior Vice President and Chief Risk Officer
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	Manager - Network Services
Glen Martinez	Senior Network Analyst
Joseph Rivera	Network Architect

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 Koelmel, the Agenda for the meeting was adopted.

2. **CONSENT AGENDA:**

Upon motion made by Trustee Koelmel and seconded by Trustee Nicandri, the Consent Agenda was approved.

a. **Approval of the Minutes**

Upon motion made and seconded, the Minutes of the Committee's Regular Meeting of March 21, 2017 were approved.

b. Canal Corporation Ethics & Compliance Program and Technical Compliance Utility Operations

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 the most recent Governance Committee meeting on March 21, 2017.

BACKGROUND

NYPA’s E&C Office assumed responsibility of the Canals’ Ethics and Compliance program (‘E&C Program’) on January 1, 2017. Prior to that time, the E&C Office engaged with Canals’ and Thruway Authority representatives to review the content and status of the Canals’ ethics and compliance governance documents (forms, policies and procedures) and pending investigatory cases which the Thruway Authority had referred to the NYS Office of Inspector General and NYS Joint Commission on Public Ethics. Prior to January 1, the E&C Office decided to maintain the existing joint Thruway/Canals’ ethics and compliance policies, procedures and related 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, while others have been revised and implemented, including the Canals’ By-laws, Lobbying Contacts Policy and its mission statement

DISCUSSION

Communications

As a follow up to the 2016 ethics and compliance integration and orientation communications, the E&C Office met with Canals’ headquarters staff in a series of meetings in early May. The meetings served as an orientation to advise Canals’ employees of the resources available through the E&C Office and an overview of the NYS Public Officers Law ethics requirements. The Canals’ employees raised various ethics and compliance scenarios which were addressed and served to reinforce prevailing principles. Of particular note, the activation of NYPA’s Employee Concerns hotline and related Anti-Retaliation protections for the benefit of Canals’ employees were described and encouraged. Canals’ management and attendees provided positive feedback and appreciated the availability and responsiveness of the E&C Office.

Emerging Caseload

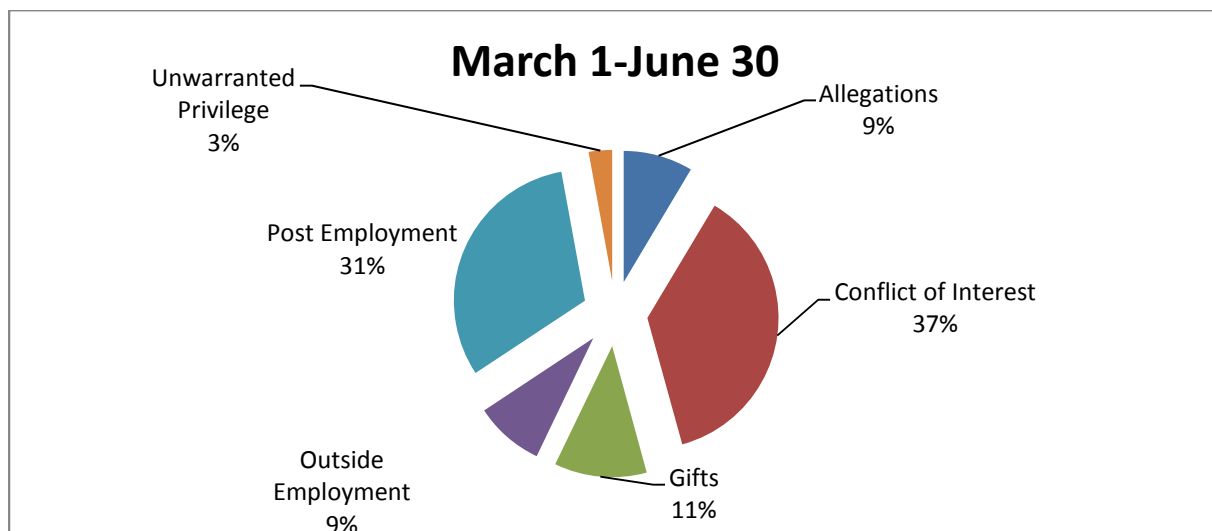
The E&C Office was contacted by the NYS Inspector General to assist in an investigation involving alleged off duty misconduct by a Canals’ employee. In response, the E&C Office coordinated the seizure and delivery of Canals’ Information Technology assets. The investigation remains open.

As Canals executed its annual employee recruitment and hiring to accommodate the navigation season’s increased staffing needs, the E&C Office reviewed approximately 25 retiree and ‘relatives’ hires to ensure the absence of conflicts of interest, inappropriate workplace reporting relationships and verify that retiree new hires’ pensions would not be harmed under

prevailing statutory retirement income restrictions. The process was compressed due to time and personnel constraints. E&C staff will work with Human Resources at Canals to ensure that reviews begin earlier next year to ensure that this process functions smoothly and is not an impediment to achieving Canals' staffing goals.

The E&C Office reviewed outside activities requests for a management employee who serves as Civil Service Commissioner for the city in which he resides and a union employee serving as the mayor of his community. Both requests were approved with guidelines to ensure that these employees do not run afoul of the Public Officers Law. The analyses focused on whether these outside activities presented any conflicts of interest with either the Canals' or NYPA interests, or those of the employees' job responsibilities. The approval process requires, among other things, the employees' supervisory consent and commitments from the employees that they will conduct all outside functions on their own time and without the use of any state resources.

The three pending investigations which were initiated by the Thruway Authority prior to January 1 remain open. Two of those cases are being investigated by the NYS Inspector General's Office 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. 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.



The pie chart above contains a breakdown of the Canals' inquiries and cases evaluated since the most recent Governance Committee meeting. It reflects a diverse array of substantive issues affecting various employees located at multiple Canals' facilities. Familiarity with, and comfort utilizing NYPA's E&C Office has increased as outreach efforts continue.

Financial Disclosure

Canals currently has twenty-four (24) participants in the annual Financial Disclosure Program administered by JCOPE. Each of these employees was required to submit their Financial Disclosure Statements to JCOPE by May 15. Of those twenty-four (24), eight (8) have been designated as policy makers who are ineligible to be granted filing exemptions. The remaining sixteen (16) filers are required to participate by virtue of their salaries exceeding the statutory threshold. In addition, there are currently seven (7) members of the NYS Canal Recreationway Commission who are designated policy makers and filers. All required participants completed this annual requirement in a timely manner.

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. This ethics requirement promotes transparency in state government as it affords the public the opportunity to view the Project Sunlight database and ascertain the entities which seek to conduct business with, or influence official decisions of state agencies and authorities. The most frequent categories of Project Sunlight covered appearances include procurement and rate-making business activities. The E&C Office will provide additional training to Canals' employees on Project Sunlight's requirements and reporting process.

Public Authorities Reform Act (PARA)

Among various PARA statutory requirements, there are certain reports and other information which are mandated to be posted on the Canals' website and kept current throughout the year. The E&C Office coordinated the identification and posting of these required documents to ensure Canals' PARA compliance. In addition, the E&C office is in the process of identifying all Federal and New York State reporting and training requirements applicable to Canals. This includes collaboration with the subject area compliance owners and will result in an electronic inventory which will be monitored and updated on an annual basis.

TECHNICAL COMPLIANCE – UTILITY OPERATIONS

SUMMARY

This report highlights important aspects of NYPA's Technical Compliance support for the Canal Corporation (Canals) and related integration activities for the period March 21, 2017 to July 25, 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 worked with the Canals 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. Post-integration activities are discussed in this report.

DISCUSSION

Physical Infrastructure Security and Emergency Management

As part of the Utility Operations team supporting the Canals, Physical Infrastructure Security continued to provide appropriate security access controls. In June a decision was made to release the contract security personnel that were placed at the Canals' offices for the transition. These contract security guards were released mid-June. The service agreements for contract security personnel which were put in place prior to NYPA taking full-control of the Canals remain in place and allow for the deployment of contract security personnel to Canals' locations, if needed.

Physical Infrastructure Security worked with Canals' personnel to prepare a scope-of-work for a physical security system for selected Canals' facilities. The scope provided for standardized installations for access control and CCTV at the Canals' offices and established a corporate security platform, which can be rolled out to other Canals' locations. This system installation is expected to be completed in 2017.

Physical Infrastructure Security continued to have discussions with key Canals' stakeholders regarding the execution of a security assessment. Canals' stakeholders provided a listing of locations and an assessment template was developed. Physical Infrastructure Security and Canals' personnel are working together to prioritize the list of locations that will be assessed. Physical Infrastructure Security met with the Canals' Security Guard provider to discuss the possibility of using its personnel to gather the initial site specific assessment data. Follow-up meetings are scheduled to ensure a completion of the assessment in 2017.

Emergency Management continued to work with a consultant and Canals' personnel to develop a more formal Emergency Management Program for the Canals consistent with NYPA and NYS practices. Meetings were held with Canals' stakeholders to develop and evaluate the need for the program governance and structure, and how to socialize the program with Canals' staff. Given the importance of being prepared for the navigation season, the program documentation to support the navigation season were either revised or developed prior to the opening of the Canals' facilities. These documents include:

- Emergency Management Program Administration Policy;
- Incident Response Procedure;
- Movable Dam Lifting Procedure;
- Duty Officer Procedure;
- Bomb Threat Procedure;
- Serious Marine Incident Procedure;
- Post Event Inspection Procedure; and
- Emergency Management Committee Charter.

Training, drills, and exercises are vital components of the Emergency Management Program. A training session was held with Canals' Operations and Maintenance management staff (including Duty Officers) on the new program direction. Since the navigation season overlaps with the Atlantic Hurricane Season, a Tabletop Exercise of the movable dam lifting procedure was conducted on May 10, 2017 with Canals' Operations and Maintenance management staff (including Duty Officers). The Emergency Management Program will continue to mature through 2017 and beyond.

Code Compliance

As the Canals 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 Canals with respect to the administration and enforcement of the Uniform Code.

NYPA's Code Compliance Group continued to work with Canals' 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 continued to work with the Law Department to engage the NYS Department of State to initiate the process to make the Canals a separate self-permitting agency with respect to the administration and enforcement of the Uniform Code."

3. **Next Meeting**

Chairperson Kress said the next regular meeting of the Governance Committee is to be held on Tuesday, September 26, 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 8:36 a.m.

Karen Delince

Karen Delince
Corporate Secretary