



**MINUTES OF THE JOINT MEETING
OF THE FINANCE and RISK COMMITTEE
May 12, 2021**

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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
Eugene Nicandri
Dennis Trainor
Michael Balboni

Anthony Picente, Jr. -- Excused

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 Operating Officer
Kristine Pizzo	Executive Vice President and Chief Human Resources & Administrative Officer
Sarah Salati	Executive Vice President and Chief Commercial Officer
Phil Toia	President – NYPA Development
Daniella Piper	Regional Manager and CTO
Yves Noel	Senior Vice President and Chief Strategy Officer
Robert Piascik	Senior Vice President and Chief Information & Technology Officer
Keith Hayes	Senior Vice President – Clean Energy solutions
Patricia Lombardi	Senior Vice President – Product Delivery
Scott Tetenman	Senior Vice President – Finance
Karen Delince	Vice President and Corporate Secretary
Adrienne Lotto	Vice President and Chief Risk & Resilience Officer
John Canale	Vice President – Strategic Supply Management
Eric Meyers	Vice President – Chief Information Security Officer
Anne Reasoner	Vice President – Budgets and Business Controls
Andy Boulais	Acting Vice President – Project Management
Thakur Sundeep	Controller
James Levine	Assistant General Counsel – Finance and Bonds
Steven Weiner	Senior Director – OM & Capital Budgets
Lawrence Mallory	Senior Director – Security & Crisis Management
Carley Hume	Deputy Chief of Staff
Christopher Vitale	Finance Performance & Reporting Manager
Richard Goldsmith	Finance Project Manager
Mary Cahill	Manager – Executive Office
Lorna Johnson	Senior Associate Corporate Secretary
Sheila Quatrocci	Associate Corporate Secretary
Michele Stockwell	Project Coordinator – Executive Office

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 May 12, 2021 Proposed Meeting Agenda**

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

Conflicts of Interest

Trustee Balboni declared a conflict as it relates to Item #4c i – Deloitte Consulting LLP. Chairperson McKibben and members Koelmel, Nicandri, Picente, and Trainor declared no conflicts of interest based on the list of entities previously provided for their review.

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 pursuant to Section 105 of the Public Officers Law. On motion made by member Dennis Trainor and seconded by member John Koelmel, the members conducted an executive session.

3. **Motion to Resume Meeting in Open Session**

I move that the meeting resume in open session. On motion made by member John Koelmel and seconded by member Eugene Nicandri, the meeting resumed in open session.

Chairperson McKibben said no votes were taken during the executive session.

4. DISCUSSION AGENDA

a. Financial Operations

i. Risk Update – 2021 NYPA Enterprise Risk Assessment Summary

Ms. Adrienne Lotto, Chief Risk & Resilience Officer, provided highlights of the Risk and Resilience Activities to the committee (Exhibit “4a i-A”). She said that she would be presenting the 2021 NYPA Enterprise Risk Assessment Summary.

She continued that NYPA faces continuous uncertainty and the Risk & Resilience staff are working to ensure that there is a robust risk culture and awareness throughout NYPA and Canals. This is done by participating in a survey across the Authority when conducting the department’s Annual Risk Assessment. From that assessment it was realized that there are constant shifts in the horizon – whether financial, cyber, or risk profile, they are constantly changing. Therefore, by leveraging the system that is in place, mainly subject matter expertise, Risk & Resilience staff are constantly mitigating those risks as they relate to both NYPA and Canals.

NYPA Enterprise Risk Dashboard Summary

This year, the EGRC tool was used as the main interface in conducting the Annual Risk Assessment. The team utilized Risk Impact, Risk Likelihood, and, at the Board’s most recent request, Risk Velocity, to understand perspective and each of the annual enterprise risk. To that end, risk name and risk description were validated, new mitigation plans were collected and updated and the controls were captured.

**NYPA Enterprise Risk Assessment Frequency
Quality Enterprise Residual Risks**

Five of the risks from 2020-2021 remain the same, namely, Sustained Margin Reduction; Workforce Health and Safety; Cyber Security; Customer Energy Choices and Regulatory and Legislative Environment. Two of those risks increased, specifically, Critical Infrastructure and Hydro Generation enterprise risks, while three of the risk captured and increased in the category of Attract, Develop and Retain Qualified Workforce, Commodity Market Price Volatility and Disruptive Innovation.

Enterprise Risk have in place an abundance of risk mitigation strategy and controls to mitigate and control the risk profile.

The risks evaluated against the velocity are:

- Immediate Risks: Critical infrastructure, Customer Energy Choices, Cyber Security, Hydro Generation, Sustained Margin Reduction, Workforce Health and Safety and New and Emerging Risk focus;
- Rapid Risks: Attract, Develop and Retain a Qualified Workforce; Disruptive Innovation; Commodity Market Price Volatility; and
- Slow Velocity: Regulatory and Legislative and Environment.

Enterprise Risk will continue with the enterprise risk assessment; however, the goal is to now incorporate some of those emerging risks on a more annual, frequent basis and only assess those risks such as Regulatory and Legislative Environment on a triennial basis.

ii. **Release of Funds in Support of the New York State Canal Corporation**

The President and Chief Executive Officer submitted the following report:

SUMMARY

The Trustees will be requested at their May 25, 2021 meeting to authorize the release of an additional up to \$22.9 million in funding to the New York State Canal Corporation ('Canal Corporation') to support the operations of the Canal Corporation in calendar year 2021. The amount requested is 25% of the Canal Corporation's 2021 O&M Budget.

The Finance and Risk Committee is requested to recommend to the Trustees the release of this additional funding.

BACKGROUND

The Authority has been authorized to provide financial support for the Canal Corporation. See, e.g., Public Authorities Law §1005-b(2). However, certain expenditures associated therewith do not constitute Capital Costs or Operating Expenses ('Operating Expenses') as defined in the Authority's General Resolution Authorizing Revenue Obligations dated February 24, 1998, as amended and supplemented ('Bond Resolution'). Expenditures for the Canal Corporation's operating purposes that do not constitute Capital Costs or Operating Expenses must satisfy the requirements of the Authority's Bond Resolution relating to the release of funds from the trust estate created by the Bond Resolution for lawful corporate purposes. In addition, as set forth in the Trustees' Policy Statement dated May 24, 2011, a debt service coverage ratio of 2.0 is to be used as a reference point in considering any such release of funds.

The Bond Resolution permits the Authority to withdraw monies 'free and clear of the lien and pledge created by the [Bond] Resolution' provided that (a) such withdrawals must be for a 'lawful corporate purpose as determined by the Authority,' and (b) the Authority must determine, taking into account among other considerations anticipated future receipt of revenues or other moneys constituting part of the Trust Estate, that the funds to be so withdrawn are not needed for (i) payment of reasonable and necessary operating expenses, (ii) an Operating Fund reserve in amounts determined by the Authority to be adequate for working capital, emergency repairs or replacements, major renewals or for retirement from service, decommissioning or disposal of facilities, (iii) payment of, or accumulation of a reserve for payment of, interest and principal on senior debt or (iv) payment of interest and principal on subordinate debt.

Under the Bond Resolution, Capital Costs (which includes capital costs related to the Canal Corporation) may be paid without satisfying the provision described above.

DISCUSSION

With this authorization, the Trustees will have authorized the release of a cumulative \$68.7 million, an amount equal to 75% of the Canal Corporation's 2021 O&M Budget. With regard to Canal Corporation's operating expenses in excess of \$91.6 million in calendar year 2021, staff is not requesting any action at this time but will return to the Board to request additional releases, as needed.

Staff has reviewed the effect of releasing up to an additional \$22.9 million in funding at this time on the Authority's expected financial position and reserve requirements. In accordance with the Board's Policy Statement adopted May 24, 2011, staff calculated the impact of this release, together with the last 12 months releases including (i) the release of \$30 million in Recharge New York Discounts for 2020, (ii) the release of up to \$91.0 million in Canal-related operating expenses for 2020, (iii) the release of up to

\$2 million in Western NY Power Proceeds net earnings, and (iv) the release of up to \$1 million in Northern NY Power proceeds net earnings, on the Authority's debt service coverage and determined it would not fall below the 2.0 reference level. Based on the Authority's Four-Year Budget and Financial Plan, the 2.0 reference point level is forecasted to be met at each year-end of the forecast period 2021-2024. Given the current financial condition of the Authority, its estimated future revenues, operating expenses, debt service and reserve requirements, staff is of the view that it will be feasible for the Authority to release such amounts from the trust estate created by the Bond Resolution consistent with the terms thereof.

FISCAL INFORMATION

Staff has determined that sufficient funds are available in the Operating Fund to release an additional up to \$22.9 million in funding to support the operation of the Canal Corporation in calendar year 2021. Staff has further determined that the amounts presently held in reserves in the Operating Fund are adequate for the purposes specified in Section 503.2 of the Authority's Bond Resolution and that such Authority funds are not needed for any of the purposes specified in Section 503(1)(a)-(c) of the Authority's Bond Resolution.

The expenses associated with the operations of the Canal Corporation for calendar year 2021 were included in the Canal Corporation's 2021 O&M Budget and the Authority's 2021 Budget.

RECOMMENDATION

It is requested that the Finance and Risk Committee recommend that the Trustees authorize the release of an additional up to \$22.9 million in funding to the Canal Corporation to support the operations of the Canal Corporation in calendar year 2021. The Chief Financial Officer further recommends that the Trustees affirm that such release is feasible and advisable, that the amounts presently set aside as reserves in the Operating Fund are adequate for the purposes specified in Section 503.2 of the Authority's Bond Resolution, and that the amount of up to \$22.9 million is not needed for any of the purposes specified in Section 503(1)(a)-(c) of the Authority's Bond Resolution.

For the reasons stated, I recommend the approval of the above-requested action by adoption of the resolution below."

Mr. Adam Barsky, Chief Financial Officer, provided highlights of staff's recommendation to the committee.

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

RESOLVED, That the Finance and Risk Committee recommends that the Trustees authorize the release of an additional up to \$22.9 million in funding to the Canal Corporation to support operations of the Canal Corporation in calendar year 2021, as discussed in the foregoing report of the President and Chief Executive Officer; and be it further

RESOLVED, That the Finance and Risk Committee recommends that the Trustees affirm the amounts presently set aside as reserves in the Operating Fund are adequate for the purposes specified in Section 503.2 of the Authority's Bond Resolution, that the amount of up to \$22.9 million in funding as described in the foregoing report is not needed for any of the

purposes specified in Section 503(1)(a)-(c) of the Authority's General Resolution Authorizing Revenue Obligations, as amended and supplemented, and that the release of such amount is feasible and advisable; and be it further

RESOLVED, That Finance and Risk Committee recommends that the Trustees affirm that as a condition to making the payments specified in the foregoing report, on the day of such payments, the Treasurer shall certify that such monies are not then needed for any of the purposes specified in Section 503(1)(a)-(c) of the Authority's General Resolution Authorizing Revenue Obligations, as amended and supplemented; and be it further

RESOLVED, That the Finance and Risk Committee recommends that the Trustees affirm that the Chairman, the Vice Chairman, the President and Chief Executive Officer, the Chief Operating Officer, the Executive Vice President and General Counsel, the Executive Vice President and Chief Financial Officer, the Corporate Secretary, the Treasurer and all other officers of the Authority be, and each of them hereby is, authorized and directed, for and in the name and on behalf of the Authority, to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements and other documents that they, or any of them, may deem necessary or advisable to effectuate the foregoing resolution, subject to approval as to the form thereof by the Executive Vice President and General Counsel.

b. Utility Operations

i. Niagara Power Project – Next Generation Niagara Program Mechanical and Electrical Upgrades Project – Contract Award

The President and Chief Executive Officer submitted the following report:

“SUMMARY

The Trustees will be requested at their May 25, 2021 meeting to approve the award of a fifteen-year non-personal services contract in the amount of \$275,000,000, which includes \$107,962,851.67 in escalation and options over the life of the contract, to Voith Hydro, Inc. ('Voith') of York, PA for the Niagara Power Project – Next Generation Niagara ('NGN') Program – Mechanical and Electrical Upgrades Project ('Project').

The Finance and Risk Committee is requested to recommend to the Trustees the approval of the aforementioned contract award.

BACKGROUND

Section 2879 of the Public Authorities Law and the Authority's Guidelines for Procurement Contracts requires Trustee approval for procurement contracts involving services to be rendered for a period in excess of one year. Additionally, in accordance with the Authority's Expenditure Authorization Procedures, the award of non-personal services contracts exceeding \$10 million requires Trustee approval.

NGN is comprised of four main projects: (1) integrated controls upgrade, (2) mechanical and electrical upgrades, (3) 630-ton gantry crane replacement, and (4) penstock platform and inspections. This contract is for the engineering, furnish, delivery, and construction/installation of the mechanical components of the Robert Moses Power Plant generating units to support the Project.

The contract scope-of-work includes, but is not limited to, headcover replacement, servomotor replacement, refurbishment of operating mechanisms, generator rotor upgrades, runner repair, etc. Authority craft will be performing the assembly, disassembly, installation of wicket gates and shafts, and various other construction activities.

The overall NGN Program's construction activities are scheduled to be substantially completed by 2034 with Program closeout occurring in 2035.

DISCUSSION

Pursuant to Section §2879 of Public Authority's Law, the Authority issued Request for Proposal ('RFP') No. Q20-6971MR for the Project via Ariba e-sourcing which was advertised in the New York State *Contract Reporter* on June 23, 2020. Twenty-six (26) suppliers were listed as having been invited to, or requested to participate in, the Ariba Event. Three (3) proposals were received electronically via Ariba on November 13, 2020. The summary of proposals is as follows:

Bidder	Location	Unevaluated Bid Amount
Voith Hydro, Inc.	York, PA	\$167,037,148.33
GE Renewables US LLC	Greenwood Village, CO	\$169,869,513.37
Andritz Hydro Corp	Charlotte, NC	\$189,646,360.00

The Evaluation Committee, comprised of representatives from Strategic Supply Management, Project Delivery, Mechanical Maintenance, Quality Assurance, Environmental, Health and Safety, and Program Controls, reviewed and evaluated the proposals based on the evaluation criteria established in the RFP which included: best value, proposal completeness, technical capabilities, ability to meet the schedule, experience in performing this type of work, and safety records. The RFP event was also reviewed for compliance with the Executive Order ('EO') 13920 'Securing the United States Bulk Power System.' After reviewing this EO, it was considered not applicable to this contract. The proposals were also reviewed for compliance with the New York Buy American Act. After review, it was determined that all bidders provided a compliant proposal to the Authority.

Voith was determined to be the 'best value' bidder based on its strength of experience, ongoing support throughout the life of the Project, a well, thought-out project execution plan, high quality manufacturing processes, and ability to address the Authority's requirements and expectations. A majority of Voith's manufacturing is fully US-based, reducing the supplier risk to the Project. Voith took few exceptions to the commercial terms and conditions which have been negotiated and mutually agreed upon. This best value proposal also provides the most competitive pricing for the Project.

Supplier Diversity has reviewed and accepts the Preliminary Diversity Contracting Plan provided by Voith Hydro Inc. The Preliminary Diversity Contracting Plan covers the currently known available subcontracting opportunities to Minority/Women-Owned Business Enterprises ('MWBE') and Service-Disabled Veteran-Owned Businesses ('SDVOB'). Based on the terms and conditions included in the RFP, the Contract award contains 30% MWBE Utilization Goals and 6% SDVOB goals. There were no proposals received by Prime MWBE or SDVOB Bidders. Voith Hydro Inc. assigned a contact person within its organization to provide periodic updates to the Authority on the performance of the plan for the duration of the contract.

FISCAL INFORMATION

Payment associated with this Project will be made from the Authority's Capital Fund. The proposed spending for this contract is in alignment with the original program estimate for this work which was approved by the Trustees at their July 2019 meeting and has been included in the approved Four-Year Capital Plan.

RECOMMENDATION

It is requested that the Finance and Risk Committee recommend that the Trustees approve a fifteen-year non-personal services contract in the amount of \$275,000,000, which includes \$107,962,851.67 in escalation and options over the life of the contract, to Voith Hydro, Inc. of York, PA, for the Niagara Power Project – Next Generation Niagara Program – Mechanical and Electrical Upgrades Project.

For the reasons stated, I recommend the approval of the above-requested action by adoption of the resolution below.”

Ms. Patricia Lombardi, Senior Vice President – Product Delivery, provided highlights of staff's recommendation to the committee.

On motion made by member Eugene Nicandri and seconded by member Dennis Trainor, the following resolution, as recommended by the 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 a fifteen-year non-personal services contract to Voith Hydro, Inc. in the amount of \$275,000,000 for the Mechanical Upgrades to the thirteen Robert Moses Niagara Power Plant generating units in support of the Next Generation Niagara Program – Mechanical and Electrical Upgrades Project, as recommended in the foregoing report of the President and Chief Executive Officer; and be it further

RESOLVED, That the Authority will use Capital Funds, which may include proceeds of debt issuances, to finance the costs of the Niagara Power Project – Next Generation Niagara Program – Mechanical and Electrical Upgrades Project.

<u>Contractor</u>	<u>Contract Approval</u>
Voith Hydro, Inc. York, PA	<u>\$275,000,000</u>
RFP # Q20-6971MR	

ii. **Transmission Life Extension and Modernization Program
Niagara Switchyard Life Extension and Modernization
Replacement of Autotransformers Nos. 3 and 5 – Contract Award**

The President and Chief Executive Officer submitted the following report:

SUMMARY

The Trustees will be requested at their May 25, 2021 meeting to approve the award of a competitively bid, four-year equipment contract in the amount of \$10,393,680 to Royal SMIT Transformers of Nijmegen, The Netherlands. This contract is for the design, manufacturing, delivery, assembly, and commissioning of new Niagara Autotransformers Nos. 3 ('AT3') and 5 ('AT5'). In addition, the Trustees will be requested to waive requirements of the New York Buy American Act.

The Finance and Risk Committee is requested to recommend to the Trustees the approval of this equipment contract.

BACKGROUND

The Authority's Guidelines for Procurement Contracts require Trustee approval for material contracts involving services to be rendered for a period exceeding one year. Additionally, in accordance with the Authority's Expenditure Authorization Procedures, the award of non-personal services contracts in excess of \$10 million requires Trustee approval.

The existing 360-240kV, 400 MVA AT3 and AT5 located in the Niagara Switchyard were manufactured in 1960 by the Allis-Chalmers Manufacturing Company. Both units have exceeded their life expectancy and are being replaced in advance of further degradation as part of the Niagara Switchyard Life Extension & Modernization Project ('Project').

The Niagara Switchyard is a critical component of the transmission system. The existing transmission equipment at the Niagara Switchyard are at, or near the end of life and require replacement. The Project, which commenced in 2014, is structured to prioritize the replacement of poor performing systems and sequenced in conjunction with planned equipment outages, internal resource availability and external utility upgrades and is a component of the larger Transmission Life Extension and Modernization Program ('TLEM').

The TLEM Program is a multiyear program that will upgrade the Authority's existing transmission system to maintain availability, increase reliability and ensure regulatory compliance. The TLEM Program encompasses transmission assets in the Central, Northern, and Western regions and has been divided into several projects at an estimated cost of \$726 million.

DISCUSSION

The scope-of-work under this contract includes the design, manufacturing, delivery, assembly, and commissioning of the following equipment:

- One (1) 360-240/13.2kV, 400 MVA Autotransformer (AT3)
- One (1) 360-240kV, 400 MVA Autotransformer (AT5)

AT3 is currently scheduled to be installed in the fall of 2023 and AT5 in the fall of 2024.

The Authority issued RFP No. Q20-6996HM via Ariba e-sourcing which was advertised in the New York State *Contract Reporter* and was posted on the Authority's Procurement website on July 24, 2020. Five (5) addenda were issued in response to bidder requests for information, clarifications, and

changes to scope by the Authority. The following five (5) proposals were received on September 17, 2020 via the ARIBA e-sourcing portal:

Company	Mfg. Location	Initial Unevaluated Bids*	Evaluated BAFO Bids**
ABB Enterprise Software Inc.	Cordoba, Spain	\$7,965,406	\$10,475,523
JiangSu HuaPeng Transformer Co., LTD	Liyang, China	\$6,918,630	N/A
PTI Transformers	Winnipeg, Canada	Incomplete	N/A
Royal Smit Transformers	Nijmegen, Netherlands	\$9,559,120	\$11,143,680
Siemens	Jundiai, Brazil	\$9,549,000	N/A
<i>NYPA Fair Cost Estimate</i>	<i>N/A</i>	<i>\$7,900,000**</i>	<i>N/A</i>

*excludes optional pricing and spare parts

**excludes spare parts.

The proposals were reviewed on a Best Value Basis against established criteria by the evaluation committee ('Committee') which was comprised of Authority staff from Strategic Supply Management, Quality, Safety, Operations, Maintenance and Project Delivery. A 'Best and Final Offer' ('BAFO') request was issued to the two (2) finalists and a detailed analysis was performed on November 16, 2020.

The proposals were also reviewed for compliance with the New York Buy American Act (referenced in Article 22 of the Authority Agreement). After review, it was recommended that this provision be waived as no bids using American Steel were received.

Since the transformers are critical assets to the bulk electric system ('BES'), replacement must be procured from suppliers that are compliant with NERC CIP-13 requirements and qualified as BES equipment suppliers to the Authority. The proposals were further reviewed for compliance with Executive Order 13920 'Securing the United States Bulk Power System'. SMIT is an approved vendor under NERC CIP-13 and compliant with the Executive Order 13920.

Requirements for Minority and Women Business Enterprise and Service-Disabled Veteran-Owned Business were waived on this contract.

The Committee concluded that SMIT submitted the best value proposal to the Authority, which meets the technical requirements and project delivery schedule. SMIT has a history of successfully providing autotransformers to the Authority.

On April 16, 2021, both ABB and SMIT were requested to provide a valid Best and Final Offer ('BAFO') and to include new delivery dates. On April 20, 2021 ABB and SMIT provided revised pricing.

FISCAL INFORMATION

Payment associated with this Project will be made from the Authority's Capital Fund and will be recovered under the Authority's FERC approved formula rate. This project is included in the 2021 approved budget and has been included in the approved Four-Year Capital Plan.

RECOMMENDATION

It is requested that the Finance and Risk Committee recommend that the Trustees approve a four-year contract in the amount of \$10,393,680 to Royal SMIT Transformers of Nijmegen, The Netherlands for the design, manufacturing, delivery, assembly, and commissioning of new Niagara Autotransformers Nos. 3 and 5. In addition, it is requested that the Finance and Risk Committee recommend that the Trustees approve waiving compliance with the New York Buy American Act.

For the reasons stated, I recommend the approval of the above-requested action by adoption of the resolution below.”

Ms. Patricia Lombardi, Senior Vice President – Product Delivery, provided highlights of staff’s recommendation to the committee.

On motion made by member Eugene Nicandri and seconded by member Dennis Trainor, the following resolution, as recommended by the 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 a four-year contract to Royal SMIT Transformers of Nijmegen, The Netherlands, in the amount of \$10,393,680 for the design, manufacturing, delivery, assembly and commissioning of the new Niagara Autotransformer Nos. 3 and 5 for the Niagara Switchyard Life Extension and Modernization (“LEM”) Project, including a waiver of Article 22 – Steel Components from the Agreement of this contract, in accordance with, and as recommended in, the foregoing report of the President and Chief Executive Officer; and be it further

RESOLVED, That the Authority will use Capital Funds, which may include proceeds of debt issuances, to finance the costs of the Niagara Switchyard LEM Replacement of Autotransformers Nos. 3 and 5 Project.

<u>Contractor</u>	<u>Contract Approval</u>
Royal SMIT Transformers Nijmegen, The Netherlands	<u>\$10,393,680</u>
RFP # Q20-6996HM	

iii. **Uniformed Security Guard Services – Contract Award**

The President and Chief Executive Officer submitted the following report:

SUMMARY

The Finance and Risk Committee is requested to recommend to the Trustees the award of two competitively bid non-personal services contracts for Uniform Security Guard Services to G4S Secure Solutions USA of Jupiter, FL, and Strategic Security Corporation of Smithtown, NY for a total authorization amount of \$25 million for a five-year term effective May 25, 2021 through May 24, 2026.

BACKGROUND

Section 2879 of the Public Authorities Law and the Authority's Guidelines for Procurement Contracts require Trustee approval of procurement contracts involving services to be rendered for a period in excess of one year. Also, in accordance with the Authority's Expenditure Authorization Procedures, the award of non-personal services contracts in excess of \$6 million require Trustee approval.

The Authority is seeking to continue to provide uniform security guards at NYPA locations (WPO and SENY) and to initiate security guard coverage at Canal's locations. These security guards will man defined security officer posts, conduct security patrols, document and report incidents and provide for the 24x7 monitoring of security and life safety systems.

DISCUSSION

Security Contractor RFQ, RFP and Contract Awards

On December 31, 2020, the Authority published Request for Proposal ('RFP') Inquiry No. Q20-7066JM for Uniform Security Guard Services in the New York State *Contract Reporter* and on its website, nypa.gov. Fourteen proposals were received in response to this RFP. The Evaluation Committee included members from Corporate Security & Crisis Management, SENY Security, Strategic Supply Management, and NYSCC Waterways Maintenance.

Respondents were requested to satisfactorily demonstrate that they have the necessary experience, qualifications, facilities, capabilities, and resources to provide uniform security guard services.

The Respondents were afforded the opportunity to demonstrate their ability to provide security services and offer clarifications to their bid proposal. The Respondents' proposals were reviewed and evaluated against the following criteria:

- Capabilities & Qualifications: Respondent's background, industry accreditations, availability of resources, general scope of services and capabilities, roster and training programs which meet or exceed Article 7-A, NYS General Business Law Security Guard Act.
- Project History, Experience & Expertise: Respondent's expertise and experience with successfully providing security guard services at similar locations.
- Security Practices
- Responsiveness to the RFP instructions and requirements

FISCAL INFORMATION

Funding for the Authority's Uniform Security Guard Services is from the Authority's operating and maintenance ('O&M') funds.

RECOMMENDATION

It is requested that the Finance and Risk Committee recommend to the Trustees the award of two non-personal services contracts for Uniform Security Guard Services to G4S Secure Solutions USA of Jupiter, FL, and Strategic Security Corporation of Smithtown, NY for a total authorization amount of \$25 million for a five-year term through May 24, 2026.

For the reasons stated, I recommend the approval of the above-requested action by adoption of the resolution below."

Mr. Lawrence Mallory, Senior Director – Security & Crisis Management, provided highlights of staff's recommendation to the committee.

On motion made by member Dennis Trainor and seconded by member John Koelmel, the following resolution, as recommended by the 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, award five-year contracts to G4S Secure Solutions USA of Jupiter, FL, and Strategic Security Corporation of Smithtown, NY for a total authorization amount of \$25 million to provide Uniform Security Guard Services for the Authority.

<u>Contractor</u>	<u>Contract Amount</u>
G4S Secure Solutions USA Jupiter, FL	<u>\$25,000,000</u>
Strategic Security Corporation Smithtown, NY	
RFP #Q20-7066JM	

c. Information Technology

i. Information Technology Co-Sourcing Value Contracts – Increase in Value

The President and Chief Executive Officer submitted the following report:

“SUMMARY

The Finance and Risk Committee is requested to recommend that the Trustees approve at their May 25, 2021 meeting, an increase of \$16 million in value for the three personal service contracts listed below for Technology Co-Sourcing Services which will increase the total aggregate value of the three contracts to \$55,000,000.

The aggregate amount represents the past and projected expenditures for Information Technology ('IT') co-sourcing for the period of 2017-2022. Payments associated with the IT co-sourcing contracts will be made from the Authority's operating and capital funds.

BACKGROUND

Section 2879 of the Public Authorities Law and the Authority's Guidelines for Procurement Contracts require Trustee approval for procurement contracts involving services to be rendered for a period in excess of one year. In accordance with the Authority's Expenditure Authorization Procedures, procurement contracts in excess of \$6 million require Trustee approval.

These contracts will be utilized for the purpose of providing co-sourcing services for the Authority.

The Authority has an immediate need to extend the value of the contracts to support NYPA's workforce growth demand driven by new business objectives such as Digital Operations, NYPA's Communications Backbone Program and related Digital Utility Projects.

DISCUSSION

In 2017, the Authority solicited proposals for Technology Co-Sourcing Services under Request for Proposal ('RFP') inquiry Q17- 6135RM. Its purpose was to solicit companies to support enablement of required automation and efficiencies for business projects requested across various functional areas, including but not limited to: Cyber Security; Maximo; SharePoint; SAP; Infrastructure; Data Analytics; Enterprise and Solution Architecture; Project and Portfolio Management.

The Trustees approved, at their May 2, 2017 meeting, the award of three, five-year personal services value contracts to Ernst & Young LLP, #4600003320; Deloitte Consulting LLP, #4600003321; and Cognizant Technology Solutions, #4600003319, in the aggregate amount of \$25,000,000. On March 2, 2020, in accordance with the Authority's Expenditure Authorization Procedures, the aggregate value was increased by \$6 million which increased the total aggregate amount to \$31,000,000. On July 28, 2020, in accordance with the Authority's Expenditure Authorization Procedures, the aggregate value was increased by \$8 million which further increased the total aggregate amount to \$39,000,000.

To date, \$38.5 million for the Technology Co-Sourcing Services has been released against the value contracts. It is now recommended that the aggregate funding be increased in the amount of \$16 million for the three contracts under the Technology Co-Sourcing Services, which will increase the total aggregate amount to \$55,000,000. Staff envisions that the multitude of benefits that the Authority continues to see from these contracts warrants an additional increase in the aggregate funding amount to support new and ongoing initiatives needed to support the Authority's Digital investments.

FISCAL INFORMATION

Payments associated with the IT co-sourcing contracts will be made from the Authority's approved operating and capital funds.

RECOMMENDATION

It is requested that the Finance Committee recommend that the Trustees approve the increase in value of \$16,000,000 to the aggregate value from \$39,000,000 to \$55,000,000 for the Technology Co-Sourcing Personal Service Contracts.

For the reasons stated, I recommend the approval of the above-requested action by adoption of the resolution below."

Mr. Robert Piascik, Senior Vice President and Chief Information & Technology Officer, provided highlights of staff's recommendation to the committee.

On motion made by member Dennis Trainor and seconded by member John Koelmel, the following resolution, as recommended by the President and Chief Executive Officer, was adopted with Trustee Balboni recused from the vote as it relates to Deloitte Consulting LLP.

RESOLVED, That pursuant to the Guidelines for Procurement Contracts adopted by the Authority and Authority's Expenditure Authorization Procedures, the Information Technology Personal Service Contracts for Co-Sourcing are hereby increased in value by \$16 million to a new total value of \$55 million as recommended in the foregoing report of the President and Chief Executive Officer, in the amount and for the purpose listed below:

<u>Contract Award</u>	<u>Increased Contract Award Value</u>
IT Co-Sourcing:	
Ernst & Young LLP	
Deloitte Consulting LLP	
Cognizant Technology Solutions	
Previous Authorization	\$ 39,000,000
Current Request	\$ <u>16,000,000</u>
Total Authorized Amount	\$ <u>55,000,000</u>
RFP #Q17- 6135RM	

5. **CONSENT AGENDA:**

a. **Approval of the Minutes of the Joint Meeting held on March 18, 2021**

On motion made by member Dennis Tranor and seconded by member Eugene Nicandri, the Minutes of the Joint Meeting held on March 18, 2021 were approved.

6. Next Meeting

Chairperson Tracy McKibben said that the next regular meeting of the Finance and Risk Committee is scheduled for July 15, 2021.

Closing

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

Karen Delince
Karen Delince
Corporate Secretary

EXHIBITS

For

May 12, 2021

Meeting Minutes



**NY Power
Authority**

**Canal
Corporation**

2021 NYPA Enterprise Risk Assessment Summary

Adrienne Lotto

VP, Chief Risk and Resilience Officer

May 12, 2021

NYPA Faces Uncertainty

From shifting social, political, environmental, and technological landscapes to our own people, processes, technology, and culture



Uncertainties are developing more quickly in ways that are less predictable and carry the potential to shift rapidly from risk to opportunity or crisis

What are we doing about it?

Ensuring an active and engaged approach to risk management in a way that meets the unique needs of our business:

Better Awareness and Understanding of Risk

Centralized location via the EGRC Tool of current risks, how they are managed and monitored

Deep understanding of key risks – causes, events, consequences and management

Structured discussions of substance on existing and emerging risks enabling proactive choices

Risk Management promoting risk awareness throughout the organization



**NY Power
Authority**

**Canal
Corporation**

NYPA Enterprise Risk Dashboard Summary



Risk Impact

Estimate of the potential losses associated with an identified risk.



Risk Likelihood

Probability or chance of the risk occurring within 12 months.



Risk Velocity

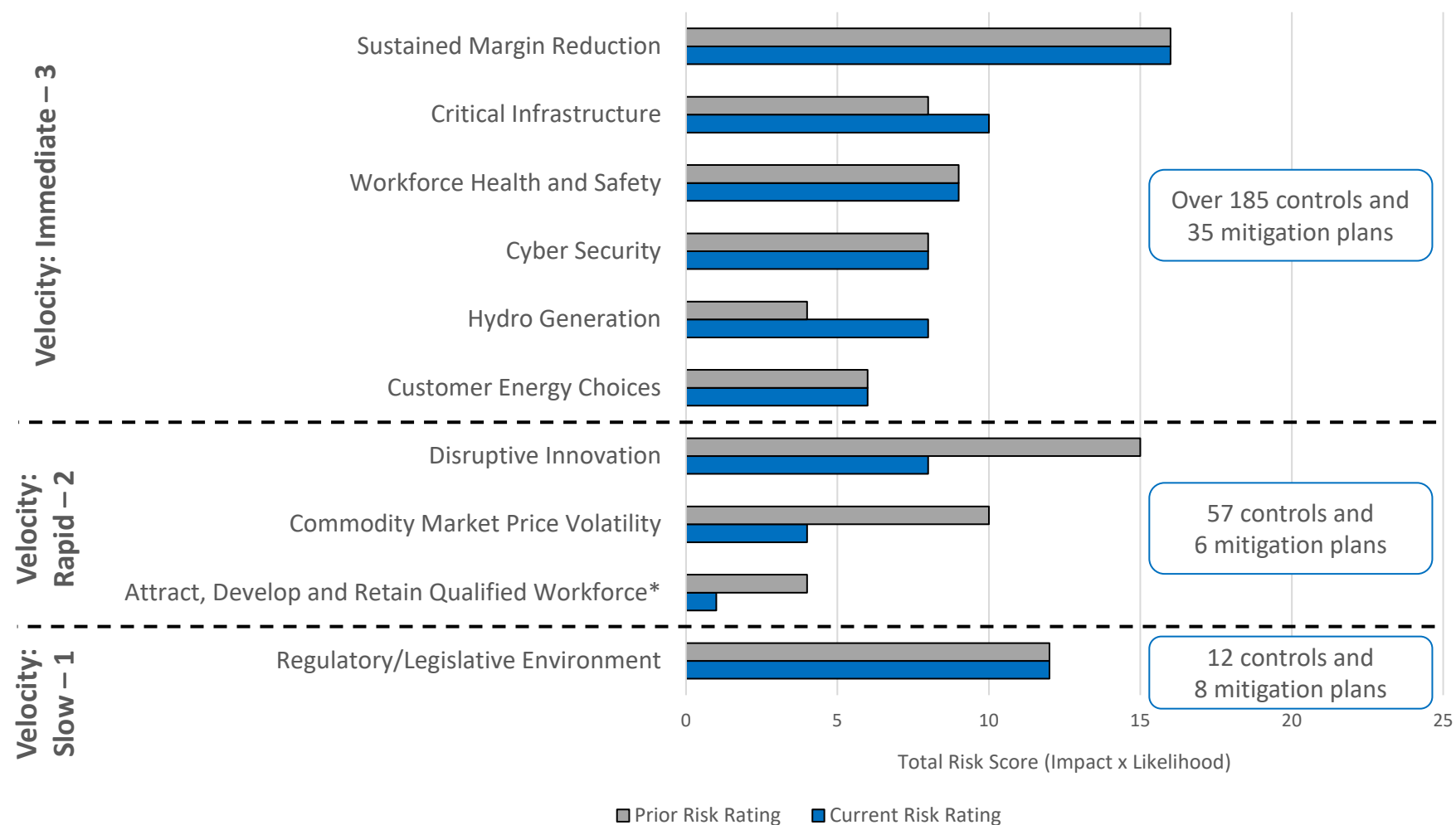
How quickly NYPA will feel the effects from the risk occurrence.

Assessment Summary

- Cross functional participation with 90+ participants at 100% completion rate
- Introduction of Risk Velocity for each Enterprise Risk
- Risk Rating Results
 - Five risk ratings remained the same
 - Two risk ratings increased
 - Three risk ratings decreased

NYPA Enterprise Risk Dashboard Summary

Enterprise Risk Ratings



Risks with quicker potential impact require closer oversight

For **six enterprise risks**, NYPA can feel the effect of risk occurrence **within one quarter**

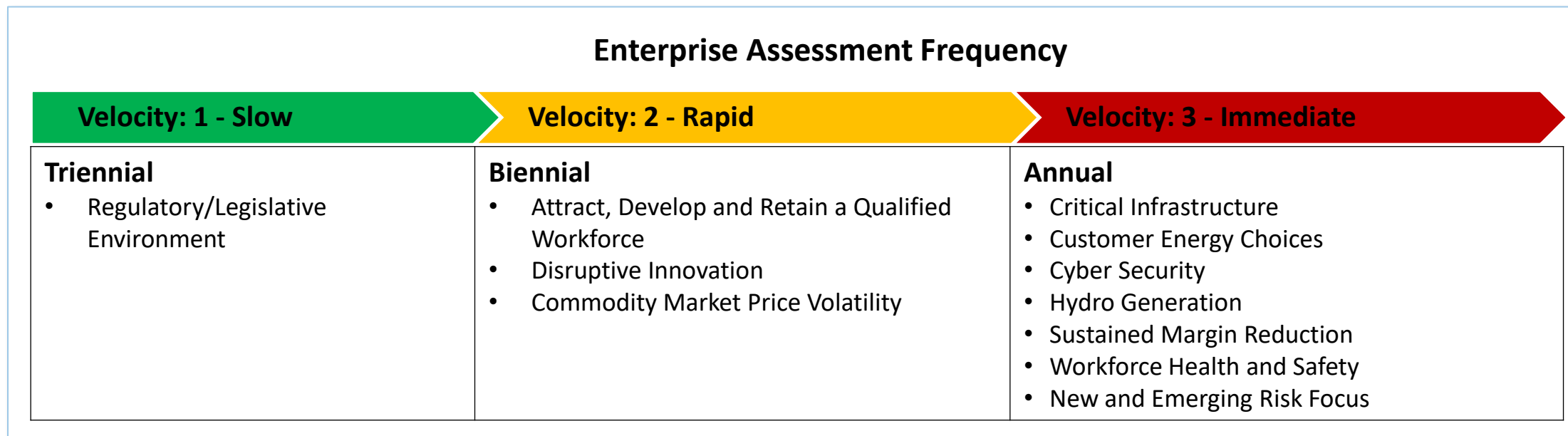
The introduction of risk velocity will enable the Risk Team to allocate resources more efficiently

Velocity Rating Scale
Immediate – 3 (occurring within 1 quarter)
Rapid – 2 (occurring within the 1 year)
Slow – 1 (occurring in 1-2 years)

*Although the impact rating decreased, it is comparable to prior the year impact due to the updated rating matrix

NYPA Enterprise Risk Assessment Frequency

Utilizing a risk-based assessment frequency approach enables greater focus on higher rated enterprise risks.



All enterprise risks:

- Maintain continual monitoring to identify potential concerns
- Can be assessed on an ad hoc basis before the defined frequency periods if an event occurs that directly impacts the risk drivers, existing controls, or mitigation activities.



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