



**MINUTES OF THE JOINT MEETING
OF THE FINANCE and RISK COMMITTEE
March 16, 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 10:17 a.m.

Members of the Finance Committee present were:

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

Bethaida González - 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
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
Joseph Leary	Senior Vice President & Senior Advisor
Karen Delince	Vice Present and Corporate Secretary
John Canale	Vice President – Strategic Supply Management
Angelyn Chandler	Vice President – Planning
Thomas Spencer	Sr. Director – Enterprise & Operational Risk
Carley Hume	Vice President Policy Communication and Chief of Staff
Christopher Vitale	Financial Performance & Reporting Manager
Lorna Johnson	Senior Associate Corporate Secretary
Sheila Quatrocci	Senior Associate Corporate Secretary
Michele Stockwell	Assistant 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 March 16, 2023 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

Chairperson McKibben and Members Koelmel, Balboni, 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 Michael Balboni 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 John Koelmel, 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. He said that as it relates to the recent events in the financial markets regarding the failure of Silicon Valley and Signature Banks, the Authority had no direct exposure to those events, except for minor immaterial, indirect exposure in some of its equity investments.

Mr. Barsky continued that the Authority's bank deposits are all fully collateralized with cash or treasuries and are FDIC insured. In addition, the Authority has other counterparty exposures that the team is carefully monitoring. He further reported that, as previously mentioned, the Authority has \$23 million in a regional bank which is fully collateralized and/or FDIC insured. The Authority also monitors these exposures on a regular, real-time basis and have policies in place to make sure that it only accepts

Letters of Credit from banks it considers highly rated. The Authority also ensures that it has concentration limits and exposures monitored on a regular basis. He ended that the Risk Management team also monitors the Authority's exposures. The most effective measure in place to protect the Authority's interest from default is the Credit Default Swap ("CDS") Market insurance policy which is commonly used to manage and hedge exposures in the financial industry.

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

Mr. Adam Barsky, Executive Vice President and Chief Financial Officer, provided a report on the release of funds in support of the New York State Canal Corporation. He said that this request is for the release of funds for the next quarter for Canal Corporation's operations. Canal Corporation continues to track on budget, and this release has been scheduled according to the budget.

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

RESOLVED, That the Finance and Risk Committee hereby recommends that the Trustees authorize the release of up to \$25.0 million in funding to the Canal Corporation to support operations of the Canal Corporation in calendar year 2023, as discussed in the report of the Acting President and Chief Executive Officer; and be it further

RESOLVED, That the Finance and Risk Committee recommends that the Trustees affirm that amounts presently set aside as reserves in the Operating Fund are adequate for the purposes specified in Section 503.2 of the Authority's General Resolution Authorizing Revenue Obligations, as amended and supplemented (the "General Bond Resolution"), that the amount of up to \$25.0 million in funding as described in the report is not needed for any of the purposes specified in Section 503.1(a)-(c) of the General Bond Resolution and that the release of such amount is feasible and advisable; and be it further

RESOLVED, That the Finance and Risk Committee recommends that the Trustees affirm that as a condition to making the payments specified in the report, on the day of such payments, either the Executive Vice President and Chief Financial Officer or 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 General Bond Resolution; and be it further

RESOLVED, That the Chair, the Vice Chair, the Acting President and Chief Executive Officer, and all other officers, 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. Release of Funds in Support of the Western New York Power Proceeds Allocation Act

Mr. Adam Barsky, Executive Vice President and Chief Financial Officer reported that the release of funds is in support of the Western New York Power Proceeds Allocation Act. He said that in the year-end summary, it was reported that if energy that is earned is greater than the tariff rate, those extra funds are used for economic development projects. The spike in energy prices last year resulted in a benefit for Western New York in terms of funds that will be available for economic development projects. Staff is therefore requesting the members' approval of a release of funds up to \$37 million, as the members deem feasible and advisable, for projects recommended by the Western New York Power Allocation Board.

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

RESOLVED, That the Finance and Risk Committee hereby recommends that the Trustees authorize the release of up to \$37.0 million within the Operating Fund to the Western New York Economic Development Fund ("WNYEDF"), to the extent such amount represents net earnings generated for the period of January 1, 2022 through December 31, 2022, as authorized by Chapter 58 of the Laws of 2012 and as discussed in the report of the Acting President and Chief Executive Officer; and be it further

RESOLVED, That the Finance and Risk Committee recommends that the Trustee affirm that amounts presently set aside as reserves in the Operating Fund are adequate for the purposes specified in Section 503.2 of the Authority's General Resolution Authorizing Revenue Obligations, as amended and supplemented (the "General Bond Resolution"), that the amount of up to \$37.0 million to be released to the WNYEDF for the purposes authorized by Chapter 58 as described in the foregoing report is not needed for any of the purposes specified in Section 503.1(a)-(c) of the General Bond Resolution and that such release is deemed feasible and advisable; and be it further

RESOLVED, That the Finance and Risk Committee recommends that the Trustees affirm that as a condition to making the releases specified in the foregoing resolutions, on the day of such payment, either the Executive Vice President and Chief Financial Officer or 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 Bond Resolution; and be it further

RESOLVED, That the Chair, the Vice Chair, the Acting President and Chief Executive Officer, and all other officers, 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. Chief Risk & Resilience Officer Report

Mr. Thomas Spencer, Senior Director of Enterprise and Operational Risk, provided an overview of a major advancement in risk reporting to the members. He stated that this new reporting format was a shift from the traditional lateral risk group-based reporting to a more comprehensive and combined risk dashboard reporting format. By leveraging inputs from multiple groups, the Risk Management Team

calculates a score used to measure of how well the risk is being managed and controlled in addition to measuring the risk's alignment to the desired risk appetite zone.

NYPA Third-Party Risk

Based on the overall Risk Management and Control Score, the Risk Management team concluded that the Authority is operating in a well-managed risk management control zone for third-party risks and, also, within the risk appetite as defined in the Risk Appetite Statement.

The Risk Management and Control Score is calculated using a weighted-average approach across five categories, namely, Risk Drivers, Operational Risks and Controls, Resilience Factors, Key Metrics, and Internal Audits. Based on the current risk profile, for third party risk, the overall trend in risk exposure for the Authority is stable.

The members were also provided a comprehensive view of mitigation activities and actions that the risk owners, their teams, and different teams across NYPA are taking to ensure that the risks of the organization are managed and appropriately controlled. A few highlighted areas of mitigation activities and controls include:

Operational Risk

Internal controls are mapped to operational risks to gain insights on how well those operational risks that are mapped to third-party risks are being controlled. This is used as one of the factors in the calculation of the Risk Management and Control Score.

Insurance Coverage

Insurance coverage is used to reduce the Authority's risk exposure by transferring risks to a third-party. The Authority has sufficient insurance coverage to reduce and partially mitigate third-party risk.

Internal Audit

The risk team reviews internal audits, and by looking at the audits that were performed and mapped to third-party risks, and what the corresponding level of those audit findings were, the team receives greater insight and information into how well the policies, processes and procedures used to control the exposure to this risk are being handled and how effective they are in managing this risk.

Mr. Spencer concluded by stating that the Enterprise Risk Dashboard is a big leap forward in how the team views and reports on risks at NYPA and Canals. The dashboard is a comprehensive view of the NYPA/Canals risk profile, and the efforts staff are employing to reduce risks. The teams are also able to identify areas that may require greater focus and attention. He added that Enterprise and Operational Risk team will also be able to measure changes in a timelier fashion and observe areas that are improving. Also, several teams have worked on this over the past several months and this is a great example of their combined efforts to ensure the risks of the Authority are properly managed and controlled.

b. Utility Operations

i. Reimagine the Canals Program – Brockport Pedestrian Bridge Construction Services – Contract Award and Capital Expenditure Authorization

Ms. Patricia Lombardi, Senior Vice President of Project Delivery provided a report on the Brockport Pedestrian Bridge Project, which is part of the Reimagine the Canals Program. She said that the Finance and Risk Committee is requested to recommend approval of additional capital expenditures in the amount of \$9.5 million, and a three-year construction services contract in the amount of \$12.5 million to Crane-Hogan Structural Systems of Spencerport, New York, for implementation of the project.

The Reimagine the Canals (“RTC”) program was approved by the Board in January 2020. The program aims to revitalize the canal system by making improvements to enhance and improve resiliency of the system and surrounding communities and promoting economic development. The pedestrian bridge was presented as one of the first five defined priority investment opportunities within the RTC program with an estimated cost of \$7 million for direct construction. This bridge, which will be located immediately adjacent to the guard gate at Brockport, will connect the existing Empire State Trail and the Village of Brockport on the north side of the canal to the SUNY Brockport Campus on the south side. Since that time, stakeholder engagement continues, and engineering design has progressed.

In 2021 an interim updated estimate for the total project was developed in the approximate amount of \$13.9 million, which was included in the Authority’s long-range work plan.

In November 2022, three bids for construction services, including fabrication of the bridge, were received. The total estimated cost of the project was updated and increased to \$23.4 million. The largest drivers for the cost increase include underestimated costs for construction, attributed to higher steel fabrication, as well as additional work associated with the relocation of existing electrical utilities within the project site boundary. Staff is recommending the approval of an additional \$9.5 million above the current long-range work plan to complete the project at a cost of \$23.4 million.

Staff is also recommending a contract award to Crane-Hogan Structural Systems, a New York State certified Service-Disabled Veteran-Owned Business (“SDVOB”) which provided the best value proposal, has successfully completed work for both NYPA and the Canals, and, most recently, received the Diversity Champion of Excellence Award as an SDVOB at NYPA’s Supplier Diversity Expo held earlier this month.

Ms. Lombardi added that the Ralph C. Wilson, Jr. Foundation has committed \$2 million to NYPA in support of the project. This reimbursement is not included in the total cost of the project presented today. In addition, as a result of this investment by NYPA, the Village of Brockport has secured a \$1.2 million grant from the Federal Highway Administration Transportation Alternatives Program (“TAP”) to complete the loop within Brockport, further underscoring the economic and recreational benefits of this investment by NYPA.

In closing, Ms. Lombardi said that, at a future date, staff will provide a full update on the RTC initiative and how it will continue to support the Canals’ revitalization.

On motion made by member John Koelmel and seconded by member Dennis Trainor, 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 authorize a \$9.5 million increase in capital expenditures for the Reimagine the Canals - Brockport Pedestrian Bridge Project, bringing the total project cost to \$23.4 million; and be it further

RESOLVED, That the Finance and Risk Committee recommends that the Trustees approve the award of a three-year construction services contract to Crane Hogan Structural Systems, Inc. of Spencerport, NY, in the approximate amount of \$12.5 million, for the aforementioned project; and be it further

RESOLVED, That the Chair, the Vice Chair, the Acting President and Chief Executive Officer, and all other officers, 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 John Koelmel, the Consent Agenda was unanimously adopted.

a. **Financial Operations**

i. **Banking Resolution Amendment to Reflect Current Corporate Titles**

On motion made and seconded, 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 amend in its entirety the resolution adopted by the Trustees at their meeting of February 26, 2015, relating to the Management of Authority Banking Relationships to read as follows (**deleted material in bracket and bold**):

RESOLVED, That, subject to agreements with note holders or bond holders, including, without limitation, the requirement to deliver a notice of the creation of any fund, account or subaccount to the bond trustee acting under the Authority's General Bond Resolution authorizing Revenue Obligations or the Authority's General Resolution authorizing Transmission Project Revenue Obligations, to the extent such fund, account or subaccount is a new fund, account or subaccount established under such resolution, the following authorizations are established with respect to the national or state banks (**hereinafter referred to individually as the "Bank"**) or trust companies organized under the laws of any state (**hereinafter referred to individually as the "Trust Company"**) that may be designated as a depository of the Authority and the execution of account-related agreements or documents on behalf of the Authority:

1. The establishment, maintenance or closing of bank accounts, including depository and custody accounts, for and in the name of the Authority with any Bank or Trust Company shall be authorized by the [**Senior Vice President – Corporate Planning and Finance, the**] Treasurer or the Deputy Treasurer with concurrence by one of the following: the Chairman, the President and Chief Executive Officer, the Chief Operating Officer or the Executive Vice President and Chief Financial Officer;

2. The Executive Vice President and Chief Financial Officer, [**the Senior Vice President – Corporate Planning and Finance,**] the Treasurer and the Deputy Treasurer, or such other individual(s) as may be designated by the Treasurer with the concurrence of the Executive Vice President and Chief Financial Officer, are hereby authorized to: (i) sign checks, drafts and other items for withdrawal or deposit of monies for and on behalf of the Authority, and (ii) initiate the transfer of monies by wire or otherwise for the payment or withdrawal of funds, for and on behalf of the Authority;

3. The Executive Vice President and Chief Financial Officer [, **the Senior Vice President – Corporate Planning and Finance**] and the Treasurer are hereby authorized to sign checks with a facsimile signature for the withdrawal of monies from Authority accounts;

4. The Executive Vice President and Chief Financial Officer, [**the Senior Vice President – Corporate Planning and Finance,**] the Treasurer and the Deputy Treasurer or such other individuals as may be designated by the Treasurer, are

authorized to invest and reinvest monies in the account for, and on behalf of, the Authority; and

5. Execution of agreements, certificates, indemnities and other documents related to conducting business with the Bank or Trust Company may be authorized by the [**Senior Vice President – Corporate Planning and Finance, the**] Treasurer or Deputy Treasurer with the concurrence of one of the following: the Chairman, the President and Chief Executive Officer, the Chief Operating Officer or the Executive Vice President and Chief Financial Officer; and it be further

RESOLVED, That the Chair, the Vice Chair, the Acting President and Chief Executive Officer, and all other officers, 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. **Annual Review of the Policy for Hedging Program to Manage Cashflow Risks of Non-Energy Commodity Linked Customer Contracts**

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

RESOLVED, That the Finance and Risk Committee has reviewed the Policy for the Hedging Program to Manage Cashflow Risks of Non-Energy Commodity Linked Customer Contracts (the “Policy”) and recommends that the Trustees approve the Policy; and be it further

RESOLVED, That the Chair, the Vice Chair, the Acting President and Chief Executive Officer, and all other officers, 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. **Voluntary Contribution of Funds to State Energy Programs**

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

RESOLVED, That the Finance and Risk Committee hereby recommends that the Trustees authorize the release of funds from the Operating Fund to the State’s general fund in the amount of \$15 million as authorized by Section 18 of Part FFF of Chapter 56 of the Laws of 2022 as discussed in the report of the Acting President and Chief Executive Officer; and be it further

RESOLVED, That the Finance and Risk Committee recommends that the Trustees affirm that amounts presently set aside as reserves in the Operating Fund are adequate for the purposes specified in Section 503.2 of the Authority’s General Resolution Authorizing Revenue Obligations, as amended and supplemented (the “General Bond Resolution”), and that the amount of \$15 million to be released to the State’s general fund described in the foregoing resolution is not needed for any of the

purposes specified in Section 503.1(a)-(c) of the Authority's General Bond Resolution and that such release is deemed feasible and advisable; and be it further

RESOLVED, That the Finance and Risk Committee recommends that the Trustees affirm that as a condition to making the payments specified in the foregoing resolution, on the day of such payments, either the Executive Vice President and Chief Financial Officer or 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 Bond Resolution; and be it further

RESOLVED, That the Chair, the Vice Chair, the Acting President and Chief Executive Officer, and all other officers, 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. **Finance Committee Charter**

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

RESOLVED, That the Committee recommends that the Finance Committee Charter be approved by the New York Power Authority Board of Trustees and New York State Canal Corporation Board of Directors; and be it further

RESOLVED, That the Chair, the Vice Chair, the Acting President and Chief Executive Officer, and all other officers, 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. **Risk and Resiliency Committee Charter**

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

RESOLVED, That the committee recommends that the Risk & Resiliency Committee Charter be approved by the New York Power Authority Board of Trustees and New York State Canal Corporation Board of Directors; and be it further

RESOLVED, That the Chair, the Vice Chair, the Acting President and Chief Executive Officer, and all other officers, 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.

b. Utility Operations

i. Request For Steel Waiver for the Fitzpatrick Edic Line

On motion made and seconded, 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 a waiver of the Authority's Agreement Article 22 "STEEL COMPONENTS" that the purchasing of steel be produced or made in whole or substantial part in the United States or its territories or possessions, in compliance with Public Authorities Law §2603-a for the purchase of steel for the Fitzpatrick Edic line, 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 and Canal Corporation, 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. Approval of the Minutes of the Joint Meeting held on January 24, 2023

On motion made and seconded the Minutes of the joint meeting held on January 24, 2023 were unanimously adopted.

6. Next Meeting

Chairperson McKibben stated that the next regular meeting of the Finance and Risk Committee will be held on May 9, 2023.

Closing

On motion made by Member Trainor and seconded by member Koelmel, the meeting was adjourned by at approximately 11:48 a.m.



Karen Delince
Corporate Secretary