



**MINUTES OF THE MEETING
OF THE
GOVERNANCE COMMITTEE
March 29, 2022**

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Minutes of the regular meeting of the New York Power Authority and Canal Corporation's Governance Committee held via videoconference at approximately 8:12 a.m.

The following Members of the Governance Committee were present:

Dennis Trainor, Chair
John R. Koelmel
Eugene L. Nicandri
Tracy B. McKibben
Bethaida González
Michael Balboni

Also in attendance were:

Justin E. Driscoll	Interim President and Chief Executive Officer
Philip Toia	President, NYPA Development
Adam Barsky	Executive Vice President & Chief Financial Officer
Joseph Kessler	Executive Vice President & Chief Operating Officer
Kristine Pizzo	Executive Vice President & Chief Human Resources and Administrative Officer
Sarah Salati	Executive Vice President & Chief Commercial Officer
Lori Alesio	Interim Executive Vice President and General Counsel
Keith Hayes	Senior Vice President Clean Energy Solutions
Yves Noel	Senior Vice President – Strategy & Corporate Development
Robert Piascik	Senior Vice President & Chief Information Officer
Patricia Lombardi	Senior Vice President Project Delivery
Daniella Piper	Regional Manager and Senior Vice President
Andrew Boulais	Vice President Project and Construction Management
John Canale	VP Strategic Supply Management
Karen Delince	Vice President and Corporate Secretary
Steve Kalashian	Vice President HR and Organizational Development
Joseph Gryzlo	Vice President and Chief Ethics & Compliance Officer
Shirley Marine	Vice President Enterprise Shared Services
Eric Meyers	Vice President Chief Information Security Officer
Victor Constanza	Senior Director Cyber Security and Deputy CISO
Hossein Hooshyar	Director Agile Lab
Carley Hume	Chief of Staff
Lorna Johnson	Senior Associate Corporate Secretary
Sheila Quatrocci	Associate Corporate Secretary
Michele Stockwell	Project Coordinator, Corporate Secretary

Acting Chair Eugene Nicandri presided over the meeting. Corporate Secretary Delince kept the Minutes.

Introduction

On behalf of Committee Chair Dennis Trainor, who attended the meeting via videoconference, Acting Committee Chair, Member Eugene Nicandri, welcomed committee members and Authority senior staff to the meeting,

Acting Chair Nicandri 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 Governance Committee Charter.

1. Adoption of the Proposed Meeting Agenda

On motion made by Member John Koelmel and seconded by Member Bethaida González, the proposed meeting Agenda was unanimously adopted.

2. DISCUSSION AGENDA:

a. Conflict of Interest Disclosures

Mr. Joseph Gryzlo, Vice President, Chief Ethics & Compliance Officer, provided an update on the controls NYPA and the Canal Corporation have established to address conflicts of interest. He cited the “Code of Conduct” and its requirement that employees, officers and trustees disclose any potential personal or professional conflicts of interest for evaluation by the Office of Ethics and Compliance. Mr. Gryzlo referenced the “Board Conflict of Interest Procedure” which requires that Board members “shall conduct themselves at all times in a manner that avoids any appearance or situation where they could be either improperly influenced, give or be given preferential treatment to or by any person or entity or act in violation of the public trust.” The Corporate Secretary’s Office (CSO) provides Board members with a list of organizations scheduled to come before the Board, and members advise the CSO of any potential conflicts of interest. The Chief Ethics & Compliance Officer reviews these disclosures to determine whether members must recuse themselves from participating in certain Board actions.

Mr. Gryzlo continued that NYPA recently enhanced its controls with the implementation of a “Conflict of Interest Disclosure Process” applicable to all procurement events for the acquisition of products and services. Working in collaboration with the Strategic Supply Management (SSM) department, the Office of Ethics and Compliance developed governance documents and a process to ensure that all individuals participating in procurement event evaluation complete a “Conflict of Interest Disclosure Form.” He and SSM review the submissions and determine whether individuals are eligible to review, rank, recommend or otherwise evaluate proposals submitted in response to publicly noticed procurement opportunities. This control has brought more transparency to the procurement process and mitigation of risk associated with the award of contracts.

3. CONSENT AGENDA:

On motion made by member Tracy McKibben and seconded by member Bethaida González, the Consent Agenda and Reports provided by staff to members of the Governance Committee were unanimously approved.

a. Approval of the Minutes of the Joint Meeting of the New York Power Authority and Canal Corporation Governance Committee held on October 19, 2021

On motion made and seconded the Minutes of the New York Power Authority's and Canal Corporation's Governance Committee held on October 19, 2021, were unanimously adopted.

b. New York Power Authority and Canal Corporation Ethics and Compliance Program Report

ETHICS and COMPLIANCE

SUMMARY

The Office of Ethics and Compliance ("E&C Office") advises the NYPA and Canal Corporation ("Canals") trustees, directors, officers, and employees on the legal, regulatory and NYPA Code of Conduct ethics and compliance standards affecting their employees and operations. It coordinates the investigation of allegations and concerns involving NYPA's and Canals' assets and employees. E&C staff members participate on various formal and informal committees and working groups related to enterprise resilience, risk management, internal controls, and best business practices. This report highlights significant developments in the ethics and compliance program for the period October 19, 2021 through March 29, 2022

BACKGROUND

The principal substantive issues arising under the NYS ethics laws, NYPA's Code of Conduct and the Canals' Code of Ethics investigated or researched involve requests to engage in outside activities and employment, conflicts of interest reviews, financial disclosure analyses, post-employment guidance and assessments of unwarranted privileges.

As NYPA's VISION2030 Strategic Plan evolves, the E&C Office continues to provide guidance in support of emerging strategic initiatives across NYPA and Canals. Reaffirming and embedding the guiding principles of the NYS Public Officers Law and NYPA/Canals' Codes of Conduct from the outset of a project or initiative sets a foundational expectation of ethical conduct and transparency. NYPA's commitment to these principles ensures a resilient organization and protects NYPA and Canals' most valuable resource--its employees, from violations of law and policy.

Internal consulting advisory guidance is growing and has become a significant portion of the Ethics & Compliance Office portfolio.

DISCUSSION

Caseload Management

The chart below represents a traditional summary of the categories of inquiries and cases for NYPA and Canals for calendar years 2020, 2021 and 2022, to date. Cases were received from all NYPA locations and many Canals sections. Issues involving third-party resources (i.e., consultants, contingent workers) are included in the count related to Conflicts of Interest but are noted as a separate category to reflect their distinction from NYPA/Canal Corporation employee matters.

Category	NYPA '22	CC '22	NYPA '21	CC '21	NYPA '20	CC '20
Allegations	5	1	31	4	22	9
Appearance of Impropriety	2		12	1	24	6
Conflicts of Interest	7		43	3	13	5
Third Party Resource Issues	[4]		[34]		13	
Gifts	9		19		16	
Information Requests	6		20	2	22	4
Nepotism/Relative Hires	8	1	26	42	9	20
Outside Activities	13	1	72	6	46	2
Outside Employment	13	5	45	14	47	10
Political Inquiries			2		2	
Post Employment	25	2	51	8	59	11
Retaliation			2		1	
Securities			3		4	
Unwarranted Privilege	17	4	84	4	88	4
Use of Assets	4	1	28	1	16	
Total Inquiries	109	15	438	85	382	44

At the request of NYPA’s Trustees, the E&C Office will be changing its reporting structure on a going forward basis. The E&C Office have re-ordered the inquiries addressed into three categories, “Cases”, “Approvals” and “Advisory/Guidance”. The “Cases” category includes allegations and retaliation claims. The “Approvals” category includes outside employment/activities guidance, nepotism/relative hire reviews and post-employment approvals. The “Advisory” category includes appearance of impropriety, conflicts of interest, including third party resource related topics, gifts, political inquiries, securities questions and issues related to unwarranted privilege and use of NYPA/Canal Corporation assets.

The graphs below represent the newly ordered cases, approvals and advisory services offered to NYPA/Canals Trustees, Directors, current/past employees and entities doing business with NYPA and Canals. As our record-keeping matures with the implementation of the new Archer eGRC Case Management module, we anticipate that we will be able to provide additional granularity within categories.

CASES	NYPA 2022	CC 2022	NYPA 2021	CC 2021	NYPA 2020	CC 2020
Allegations	5	1	31	4	22	9
Retaliation			2		1	

Notable Observations:

15 of the 17 reports received by the outsourced Employee Concerns Line in 2021 were related to personnel issues at two operations facilities. The E&C Office coordinated reviews of these issues with site Human Resources and the Law Department and partially substantiated several concerns related to supervisory oversight of bargaining unit employees and did not substantiate several other concerns based upon inconsistent witness information and uncorroborated accounts of reported events. While multiple reports at each site are similar, the E&C Office categorizes these as separate concerns due to the anonymous nature of the complaints and inability to determine if each was filed by the same individual or group of employees.

One allegation related to a bargaining unit employee sleeping on the job was substantiated and corrective actions were taken for both the employee and the employee’s supervisor.

APPROVALS	NYPA 2022	CC 2022	NYPA 2021	CC 2021	NYPA 2020	CC 2020
Outside Activities	13	1	72	6	46	2
Outside Employment	13	5	45	14	47	10
Nepotism/Relative Hires	8	1	26	42	9	20
Post-Employment	25	2	51	8	59	10

Notable Observations:

The E&C Office reviewed and approved personal and professional outside activities and employment of employees and board members. NYPA’s Code of Conduct requires the disclosure of any compensated employment and certain uncompensated outside activities, including appointed and elected municipal and political positions and board or commission affiliations. Employees also frequently seek approval to participate in industry or career related external organizations such as EPRI, the Utility Broadband Alliance and SUNY Advisory Boards related to curriculum development, ArtPark, the Invest Buffalo/Niagara Board, NERC task forces and various user groups interacting with other utilities and regulators.

On several occasions, NYPA facilitated external review/approval by the New York State Joint Commission on Public Ethics (JCOPE) on behalf of employees designated as holding policy-making positions whose outside income is expected to be greater than \$5,000 annually.

ADVISORY	NYPA 2022	CC 2022	NYPA 2021	CC 2021	NYPA 2020	CC 2020
Appearance of Impropriety	2		12	1	24	6
Conflicts of Interest	7		43	3	13	5
Third Party Related Issues	[4]		[34]		13	
Gifts	9		19		16	
Information Requests	6		20	2	22	4
Political Inquiries			2		2	
Securities			3		4	
Unwarranted Privilege	17	4	84	4	88	4
Use of Assets	4	1	28	1	16	

Notable observations:

The “Conflicts of interest” category was sub-divided to include issues relating to NYPA business collaborators, vendors, contractors, and consultants. Three quarters of cases reported in this category involve Strategic Supply Management (SSM) related topics and issues regarding third-

parties potentially having access to confidential, non-public and/or proprietary information relating to NYPA, Canals and/or business collaborators. The E&C Office confers regularly with SSM to monitor and mitigate conflicts of interest that may arise in the procurement processes.

The “Unwarranted Privilege” category includes requests for the use of NYPA/Canals’ logos and names on printed materials, references for individuals and/or business collaborators, requests to opine on acceptable joint press releases and external presentations, websites, and joint research projects with third-party organizations and stakeholders, and requests for use of NYPA’s video and printed materials by various entities and civic organizations.

The E&C Office is opining on various marketing initiatives to support VISION2030 strategies as NYPA enhances the use of social media to advertise programs and opportunities. These programs range from the siting of EV chargers to Canals’ initiatives with area businesses to encourage use of the Erie Canal as an economic development engine in support of Reimagine the Canals.

Employee Concerns Line and Allegation Reporting

The Employee Concerns Line received seventeen cases through its web-based reporting platform and an additional eighteen concerns were received through various anonymous and direct-contact reporting mechanisms in 2021. Each concern was triaged and assigned to the appropriate departments and teams for review. Fourteen concerns were partially or fully substantiated, nine were unsubstantiated and six remain in progress. The average duration to complete an investigation is approximately sixty (60) days from receipt of the complaint through case closure.

Enterprise Initiatives--Committees and Working Groups

The E&C Office is increasingly part of enterprise and departmental program development working groups. Participating during the formulation, strategy, development and implementation of projects and initiatives allows the E&C Office to offer advice and guidance to ensure that ethical awareness, transparency, compliance with standards are foundational objectives as NYPA/Canals evolve in pursuit of VISION2030 goals and underlying Foundational Pillars. E&C Office staff are currently serving on the following internal committees, cross-functional teams, work groups or initiatives:

- Compliance Work Group—sponsored by the E&C Office
- Internal Business Controls Committee
- Company Policy Review Committee
- Open Data Committee
- Investigative Trends Committee
- Enterprise Resilience Committee
- HireWorks Development Working Group
- Insider Threat/Fraud Risk Assessment Working Group
- SECURE & Resilience Committee (Cyber/Physical Security)
- SSM Governance (COI policy development team)
- Environmental, Social and Governance (ESG) Plan/Report and Sustainability Advisory Council
- Integrated Reporting Working Group
- IT Co-Sourcing Committee
- PII/PHI Working Group
- NERC Reliability Standards Audit Working Group
- NERC Reliability Standards Potential Non-Compliance Investigation Team
- CIP Change Control Board
- Operations Dam Safety Committee

- eGRC Working and Project Development Teams

Strategic Supply Management (SSM)---Conflict of Interest (COI) Disclosure

As a result of a recent Internal Audit related to Third-Party Services, the E&C Office continues to explore the need to require Conflict of Interest Disclosure (COI) forms for all consultants providing services to NYPA and Canals. The number of consultants providing services on any given day ranges from the 200-700 across the enterprises. The E&C Office will work with the Internal Audit Department and cross functional team to determine whether these COI forms need to be monitored across all disciplines or if they should be targeted to those individuals with specific physical or systems access.

Financial Disclosure

The annual NYS Joint Commission on Public Ethics (JCOPE) Financial Disclosure Statement (“FDS”) preparation period (identification of all enterprise “threshold and over” and policy-maker filers) closes each year on February 28. JCOPE’s reporting system sustained a malicious cyber-attack which resulted in its forced outage for investigation and remediation. The E&C Office completed the required filings for the Canals, the Canal Recreationway Commission, the Economic Development Power Allocation Board and both the Northern and Western New York Power Proceeds Allocation Boards prior to the cyber-attack and submitted NYPA’s report when the system was re-opened for use.

At the time of filing, NYPA reported 931 filers, including 253 designated policy makers and 258 employees with valid exemptions from participation in the FDS program. Canals reported 34 filers, 17 designated policy makers and three employees with valid exemptions.

Any impacts to the annual filing period resulting from the JCOPE attack will be communicated to Trustees, external board members and employees as soon as is practicable, although we do not anticipate any interruptions to the regular filing process, which will occur in May 2022. Notices will be distributed to the Trustees, external board members and staff of both NYPA and Canals informing them of their obligation to timely file FDS statements by May 16, 2022.

The E&C Office’s internal PowerNet page describes the FDS program to assist participants with a centralized information resource. The site includes helpful instructions on managing the entire FDS process from establishing an online account to seeking an individual filing exemption. This page will be migrated to the cloud during the enterprise migration led by Information Technology.

Training and Outreach

The E&C Office delivered multiple mandatory JCOPE comprehensive ethics training and targeted supplemental outreach programs (i.e., Project Sunlight) via the TEAMS virtual meeting environment. The JCOPE training is required of participants in the annual Financial Disclosure Statement program and must be delivered in a live, interactive setting. During 2021, 250 NYPA and Canals employees participated in the CETC. Thirty-six (36) continuing professional education certificates were issued to employees to fulfill their ethics requirements for maintaining Professional Engineer licenses.

Compliance Week was acknowledged in November 2021 with a series of articles/ reminders promoting a culture of continued compliance awareness in our daily work lives.

The E&C Office is partnering with the Office of Civil Rights & Inclusion on a 'duty to report' messaging campaign that may culminate in roll-out during Compliance Week in November 2022.

Various ethics and compliance related notices and reminders have appeared in company-wide FYI's as informational tools and reminders about topics that they may not regularly consider such as post-employment restrictions and obligations to disclose certain future employment negotiations with NYPA/Canals' business partners.

Compliance Reporting

The E&C Office is collaborating with the Controller's Office and multiple stakeholders to ensure the accurate and timely preparation and submission of reports required by the NYS Public Authorities Law. This effort includes coordination of mandatory NYPA and Canals' website postings and entries into the Public Authorities Reporting Information System. NYPA and Canals are on track to achieve all required filings, postings, and submission. These reports comprise a comprehensive view into NYPA and Canals' finances, governance, organizational structure, operations, and strategy. These and other mandatory reporting and training requirements are captured in NYPA's electronic Compliance Repository. It is anticipated that they will be entered into the Governance, Risk and Compliance tool and mapped to identified internal controls and organizational risks.

TECHNICAL COMPLIANCE

RELIABILITY STANDARDS COMPLIANCE (RSC)

BACKGROUND

Background information related to the origin of the North American Electric Reliability Corporation (NERC) mandatory standards for reliability and NYPA's obligations to demonstrate compliance with the standards has been presented in previous reports to the Governance Committee.

DISCUSSION

NERC Reliability Standards Compliance Enforcement Actions

During the reporting period, there was one (1) new potential noncompliance concern (PNC) of the NERC Reliability Standards reported to the Northeast Power Coordinating Council (NPCC).

1. CIP-003-8 Cyber Security — Security Management Controls - Requirement 2 requires NYPA to implement one or more documented cyber security plan(s) for its low impact BES Cyber Systems. After a thorough investigation of the compliance evidence, it was determined two (2) TCAs had not been validated in a timely manner. The TCAs are used within a low-impact BES Cyber System for which the CIP-010 requirements are applicable via CIP-003 Requirement 2, which establishes the minimum-security testing for TCAs and RMs connected to low-impact BES Cyber Systems.

This potential noncompliance concern was determined to be of minimal impact to the Bulk Electric System (BES). As such, RSC reported this to NPCC under the self-logging process and confirmed by NPCC.

Investigations of Potential Noncompliance

During the reporting period, RSC is reviewing one (1) investigation of potential noncompliance (PNC) of the NERC Reliability Standards. The In-City SSCP PRC-005 Preventative Maintenance program identified areas of concerns associated with the frequency of testing of Lockout Relays. This PNC is under review and pending a final determination.

This internal process is viewed by the regulator as evidence that NYPA has a strong internal compliance program.

Recommendation Tracking Tool and PNC Dashboard

RSC's internal awareness tools are utilized to advise NYPA staff of prior enforcement issues and mitigation activities. Any lessons learned, root cause analyses, and/or recommendations are given to the compliance evidence managers aimed to improving the effectiveness of the compliance program.

The RSC Recommendation Tracking tool tracks recommendations identified through its recent CIP and O&P NPCC audit, as well as any open PNCs, where personnel can directly record their action plan associated with the recommendation. Each recommendation is given a priority (High, Medium, Low). Recommendations can be internal improvements or mitigation activities associated with audit recommendations or a potential noncompliance self-log/self-report. RSC's internal PNC Dashboard is utilized as a visual one-stop-shop to view all assessment recommendations processed through the PNC process and Recommendation Tracking Tool. The goal is to disseminate this information NYPA-wide and for SMEs to be aware of past internal data points.

During the reporting period, five (5) mitigating activities were assigned to compliance evidence managers, in which all activities are open and pending final review and closure. These mitigating activities are associated with the CIP-003 Requirement 2 PNC that was submitted to NPCC, as described above. Seventy-one (71) recommendations were identified through the preparation and recent CIP and O&P NPCC audit. These recommendations are assigned to compliance evidence managers, in which seven (7) recommendations have been remediated and the remaining are pending final review and closure. The implementation of some of these recommendations is long-term in nature and is intended to improve effectiveness of NYPA processes.

NERC Alerts

NERC disseminates information that it deems critical to ensuring the reliability of the bulk power system via "alerts" designed to provide concise, actionable information to the electric industry. During the reporting period, there were two (2) NERC alerts sent to industry.

On December 14, 2021, a public NERC Alert was issued regarding an advisory to alert industry to the active exploitation of vulnerabilities impacting Apache's Log4j Java logging library. In addition, NERC strongly advises registered entities to review the information contained in the CISA Log4j guidance site and Apache advisories, apply requisite patches as soon as possible and report any attempts to exploit the vulnerabilities along with indicators of compromise. The Alert was purely informational, intended to alert registered entities to issues or potential problems. A response to NERC was not necessary.

On February 15, 2022, NERC issued a public advisory to raise the North American electricity industry's preparedness to its highest possible level for potential Russia-linked cyber and disinformation activity. At that time, NERC was not aware of a specific credible threat to the North American electricity industry from Russia (or associated threat actors), but the proactive recommendation encourages preparedness and seeks to understand industry's level of

awareness of the threat and mitigations. This is an urgent matter, and NERC was seeking industry response. On February 18, 2022, NYPA responded in accordance with the NERC Alert.

Risk-Based Evidence Management Program

RSC implements a Risk-Based Evidence Management Program for identifying areas of risk and appropriate frequency for evaluation of controls and compliance evidence updates for the NERC Reliability Standards applicable to NYPA. This process ensures that NYPA's compliance program aligns with NERC's risk-based Compliance Monitoring and Enforcement Program and the NPCC guided self-certification process. In 2022, RSC will review and update the evidence for twelve (12) NERC Reliability Standards that are applicable to NYPA's NERC registrations.

Self-Certification of Compliance

NYPA as a NPCC Full Member Functional Entity, in February 2022, submitted a Self-Certification of Compliance with NPCC Regional Reliability Directory #11 Disturbance Monitoring Equipment Criteria R1, R3 and R6. RSC determined that NYPA complies with NPCC Directory #11 for the self-certification period.

NERC Operations and Planning (O&P) Standards

Due to the expanding transmission portfolio and NYPA's desire to participate in public/private transmission development projects to meet NYPSC goals in coming years, RSC is coordinating a cross functional group that looks at the detailed aspects of Transmission Operator (TOP) functional responsibilities and compliance obligations. The TOP Task Force (TOPTF) has conducted a gap analysis for registering as a TOP and is evaluating potential options to streamline 'monitoring and control' of NYPA transmission assets from its control rooms.

RSC began updating the Compliance Responsibility Matrix to include TOP registration and compliance ownership. RSC is also working with SMEs to determine what internal controls are currently in place for TOP compliance. Preliminary discussions with other neighboring utilities (NGrid and Avangrid) have occurred regarding TOP registration and compliance responsibilities. Discussions with NYISO and NPCC will be scheduled in coming months.

During this reporting period NYPA participated in NERC and industry discussions on new/revised regulation:

- a) Cold weather preparedness which includes expanding applicability of the GO to have a cold weather preparedness plan that includes freeze protection measures, maintenance, awareness of unit capabilities and training.
- b) FERC approved a final rule on FERC 881 that will more efficiently utilize the nation's transmission grid and help lower costs for consumers by improving both the accuracy and transparency of transmission line ratings. Transmission line ratings represent the maximum transfer capability of each transmission line and can change based on weather conditions. This final rule requires all transmission providers, both inside and outside of organized markets, to use ambient-adjusted ratings as the basis for evaluating near-term transmission service to increase the accuracy of near-term line ratings. Typically, line ratings are based on conservative assumptions about worst case, long-term air temperature and other weather conditions that can lead to underutilization of our transmission grid.
- c) NPCC DER Forum, which hopes to identify reliability challenges and opportunities regarding the proliferation of Distributed Energy Resources (DER).

RSC is coordinating with the Protection & Control group to establish periodic compliance check-in, governance/internal controls development and enforcement to ensure NERC compliance within the NERC Protection and Control (PRC) Standards.

RSC is also coordinating with the Transmission Planning group, along with consultants, to conduct a benchmark thermal impact assessment for the Marcy and Massena power transformers that may be impacted during a geomagnetic disturbance (GMD) event. The thermal impact analysis was conducted for the transformer banks using the manufacturer's winding and structural parts thermal models and GIC(t) time series data obtained from PTI PSSE software.

As RSC strives to continuously improve NYPA's internal processes and reinforce understanding amongst staff, there are enhancements related to Transmission Planning governance that are being addressed. As part of Risk-Based evidence reviews conducted by RSC, it has been observed that internal controls such as Procedures and Support Documents around NYPA Transmission Planning's role in some key technical areas can be matured. RSC is collaborating with Transmission Planning to enhance existing internal controls and ensure compliance with existing and future enforceable NERC Transmission Planning Standards.

RSC is also collaborating with the Operations Portfolio Management group to better integrate compliance activities associated with new projects into its Utility Operations Project Portfolio (UOPP) process. A support document was developed on the requirements of the NERC compliance checklist and review process handled within UOPP. RSC is institutionalizing a new approach to track its upcoming project portfolio to guide project teams on 'compliance scope'. A SharePoint based application has been created to track progress with project teams.

NERC Critical Infrastructure Protection (CIP) Standards

RSC coordinated with Cyber Security and Operations Technology to comment on CIP standards that do not specifically address virtualization. Due to the increasing use of virtualization in industrial control system environments, questions around treatment of virtualization within the CIP Standards are due for consideration.

RSC continues to initiate internal discussions on the new CIP-012 reliability standards with stakeholders. CIP-012-1 Cyber Security Control Center Communication Networks is intended to protect confidentiality and integrity of data transmitted between Control Centers required for reliable operation of the Bulk Electric System (BES). In January, RSC voted negative on modifications to CIP Standards addressing communications between Control Centers.

During this reporting period NYPA participated in NERC and industry discussions on new/revised regulation:

- a) Modifications to CIP Standards - Virtualization "Project 2016-02", working with internal and external groups to address issues identified by the CIP V5.
- b) Supply Chain Low Impact Revisions "Project 2020-03", recent changes to the CIP Supply Chain Standard(s), that would bring a large number of Low-Impact facilities into scope of the regulations.
- c) RSC participated in NATF Cyber Security Practices group and provided guidance to various project teams.

QUALITY ASSURANCE

With the relaxation of travel restrictions due to COVID, QA is able to perform most required factory inspections in US, Canada and western Europe. QA continues to use third-party resources for assistance in China.

QA is supporting major procurements for Smart Path, Smart Path Connect, T-LEM and other projects at all NYPA facilities.

CODE COMPLIANCE

Annual Safety Inspections – final results for 2021 level 2 KPI’s were not met. NYPA reached 87% with a target of 90%, and Canals reached 85% with a target of 90%.

Inspection Test and Maintenance (ITM) pilot program is proceeding at all NYPA sites with overall progress about 50% complete.

Annual OSHA Crane Inspection program for 2021 has been completed for all NYPA sites.

c. Procurement and Related Reports for New York Power Authority and Canal Corporation (January – December 2021)

On motion made and seconded the following resolution was unanimously adopted:

RESOLVED, That pursuant to Section 2879 of the Public Authorities Law and the Procurement and Related Reports for New York Power Authority and Canal Corporation, as amended, be, and hereby are, approved.

Procurement and Related Reports
NYPA Procurement Contracts Summary
Disposal of Personal Property
Supplier Diversity Program (SDP)
Inventory Statistics
Fossil Fuels Activity
Corporate Finance Activity
Transfer of Interest in Personal Property to Canal Corporation
Canal Corporation Procurement Contracts Summary
Canal Corporation Disposal of Personal Property

AND BE IT FURTHER RESOLVED, That the Procurement and Related Reports hereby are reviewed and approved; and be it further

RESOLVED, That the Chairman, the Vice Chairman, the Interim President and Chief Executive Officer, the Chief Operating Officer and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority and Canal’s 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.

d. Annual Report of Procurement Contracts, Guidelines for Procurement Contracts and Annual Review of Open Procurement Service Contracts

On motion made and seconded the following resolution was unanimously adopted:

RESOLVED, That pursuant to Section 2879 of the Public Authorities Law and the Authority’s and Canal’s Procurement Guidelines, the Annual Report of Procurement Contracts,

and the Guidelines for the use, awarding, monitoring, and reporting of Procurement Contracts, as amended, be, and hereby are, approved; and be it further

RESOLVED, That the open service contracts exceeding one year be, and hereby are, reviewed and approved; and be it further

RESOLVED, That the Chairman, the Vice Chairman, the Interim President and Chief Executive Officer, the Chief Operating Officer and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority and Canal's 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.

e. Annual Review and Approval of Guidelines for the Disposal of Personal Property and Expenditure Authorization Procedures for New York Power Authority and Canal Corporation

On motion made and seconded the following resolution was unanimously adopted:

RESOLVED, That pursuant to Section 2879 of the Public Authorities Law and the Authority's and Canal's Guidelines for the Disposal of Personal Property, and the Authority's and Canal's Expenditure Authorization Procedures, as amended, be, and hereby are, approved; and be it further

RESOLVED, That the open service contracts exceeding one year be, and hereby are, reviewed and approved; and be it further

RESOLVED, That the Chairman, the Vice Chairman, the Interim President and Chief Executive Officer, the Chief Operating Officer and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority and Canal's 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.

f. Annual Review and Approval of Guidelines and Procedures for the Disposal of Real Property, Acquisition of Real Property, Annual Reports for the Disposal and Acquisition of Real Property, and Expenditure Authorization Procedures

On motion made and seconded the following resolution was unanimously adopted:

RESOLVED, That the Governance Committee recommends the adoption of the policies listed above to the Trustees and Board of Directors as required by Section C.5 of the Governance Committee Charter; and be it further

RESOLVED, that the Governance Committee recommends to the Trustees and Board of Directors that the Interim President and Chief Executive Officer be authorized to modify the foregoing policy, as necessary, except in the event that any powers, duties or obligations of the Trustees would be affected by such modification.

g. Annual Review and Approval of Certain Policies for New York Power Authority and Canal Corporation

On motion made and seconded the following resolution was unanimously adopted:

RESOLVED, That pursuant to Section 2824 of the Public Authorities Law and Section 2 of Article II of the Authority's By-laws and Section 2 of Article II of the Canal Corporation By-laws the below-listed policies of the Authority and Canal Corporation relating to salary, compensation, benefits and time and attendance of its employees, including the chief executive and senior management, are hereby approved:

NYPA Policy Name	Policy Number	Revision Date
Anti-Retaliation Policy (Whistleblower)	CP 1-7	09/25/2021
Canal Drug & Alcohol Testing Policy & Unfit for Duty Testing Procedure	CGP-2021-007	11/08/2021
Code of Conduct		
Contingent Worker Engagement Policy	CP 4-6	06/19/2021
Education Assistance Program	EP 3.6	10/20/2021
EEO Complaint Procedure		09/20/2021
Family and Medical Leave Act FMLA	EP 3.3	10/20/2021
Management Confidential Employee Handbook	CCP-2021-001	04/02021
Management Employee Categories and Eligibility for Benefits	EP 3.1	10/20/2021
No Smoking Policy	EP 4.7	08/03/2021
OTETA Drug Alcohol Testing Accident Reporting	CGP-2021-001	03/10/2021
Reasonable Accommodation in Programs and Services for People with Disabilities	CP 1-4	05/06/2021
Separation from Service	EP 1.6	11/10/2021
Social Media Policy	CP 11-2	10/27/2021
Travel Procedure	Trvl-Pro-01	11/04/2021
USCG Drug Alcohol Testing Marine Casualty Reporting Procedure	CGP-2021-002	03/10/2021

AND BE IT FURTHER RESOLVED That the Interim President and Chief Executive Officer is authorized to modify the foregoing policies, as necessary, except in the event that any powers, duties or obligations of the Trustees and Board of Directors would be affected by such modification; and be it further

RESOLVED, That the Chairman, the Vice Chairman, the Interim President and Chief Executive Officer, the Chief Operating Officer and all other officers of the Authority and Canal Corporation are, and each of them hereby is, authorized on behalf of the Authority and Canal Corporation to do any and all things and 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.

h. 2021 NYPA and Canal Annual Board Evaluation Pursuant to Sections 2800 and 2824 of the Public Authorities Law and Guidance of the Authorities Budget Office

On motion made and seconded the following resolution was unanimously adopted:

WHEREAS, pursuant to Sections 2800(1)(a)(15) and 2800(2)(a)(15) and Section 2824(7) of the Public Authorities Law and Guidance of the Authorities Budge Office, the Authority and Canal Board is required to annually submit a summary of the Board Evaluation to the Governor,

the Chairman and Ranking Minority Member of the Senate Finance Committee, the Chairman and Ranking Minority Member of the Assembly Ways and Means Committee, the State Comptroller and the Authorities Budget Office, within 90 days after the end of its fiscal year; and

WHEREAS, the Governance Committee recommends the adoption of the 2021 Annual Board Evaluation Summary to the Authority's Board of Trustees and the Canal Corporation's Board of Directors as required by Section C (2) of the Governance Committee Charter;

NOW THEREFORE BE IT RESOLVED, That pursuant to Sections 2800(1)(a)(15) and 2800(2)(a)(15) and Section 2824(7) of the Public Authorities Law and Guidance of the Authorities Budget Office, the 2021 Annual Board Evaluation Summary is hereby adopted and the Corporate Secretary is hereby authorized to submit to the Governor, the Chairman and Ranking Minority Member of the Senate Finance Committee, the Chairman and Ranking Minority Member of the Assembly Ways and Means Committee, the State Comptroller, and the Authorities Budget the adopted 2021 summary; and be it further

RESOLVED, That the Chairman, the Vice Chairman, the Interim President and Chief Executive Officer, the Chief Operating Officer, the Executive Vice President and Chief Financial Officer and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things and 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.

i. Annual Review and Approval of Guidelines for the Investment of Funds and 2021 Annual Report on Investment of Authority Funds

On motion made and seconded the following resolution was unanimously adopted:

RESOLVED, That the Governance Committee hereby recommends that the Trustees adopt the amended Guidelines for the Investment of Funds to support the continued growth of and strengthen the fiduciary controls over the internal investment portfolio as discussed in the foregoing report of the Interim President and Chief Executive Officer; and be it further

RESOLVED, That the Chairman, the Vice Chairman, the Interim President and Chief Executive Officer, the Chief Operating Officer, the Executive Vice President and Chief Financial Officer and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things and 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.

4. Next Meeting

Acting Chair Nicandri stated that the next regular meeting of the Governance Committee is to be determined.

Closing

On motion made by Member Tracy McKibben and seconded by Member Bethaida González the meeting adjourned at approximately 10:28 a.m.

Karen Delince

Karen Delince
Corporate Secretary