1. Adoption of the April 26, 2022 Proposed Meeting Agenda

2. Motion to Conduct an Executive Session

3. Motion to Resume Meeting in Open Session

4. DISCUSSION AGENDA:
   a. Financial Operations
      i. Chief Financial Officer Report (Adam Barsky)
      ii. Recommend Release of Funds in Support of the New York State Canal Corporation (Adam Barsky)
   b. Utility Operations
      i. Smart Path Connect Transmission Line Construction Award – (Andrew Boulais)
      ii. Control Enclosures & Relay Panels On-Call Contract – (Andrew Boulais)
   c. Information Technology
      i. IT Co-Sourcing Value Contract Extension – (Lisa Beaty)
   d. Strategy and Corporate Development
      i. VISION2030 Foundational Pillar Update – Digitalization (Lisa Beaty)
      ii. VISION2030 Foundational Pillar Update – Resilience (Thomas Savin)
      iii. VISION2030 Foundational Pillar Update – Environment, Social, and Governance (“ESG”) (Kerry-Jane King)

5. CONSENT AGENDA:
   a. Utility Operations
      i. Steel Waiver Request – Instrument Transformers (Andrew Boulais)
      ii. Steel Waiver Request – Current Limiting Reactors (Andrew Boulais)
   b. Approval of the Joint Finance and Risk Committee Meeting Minutes held on March 18, 2022

6. Next Meeting
April 26, 2022

Motion to Conduct an Executive Session

I move that the Committee conduct an executive session to discuss the financial and credit history of a particular corporation (pursuant to §105 of the Public Officers Law).
Motion to Resume Meeting in Open Session

I move to resume the meeting in Open Session.
Chief Financial Officer Report

Adam Barsky
EVP & Chief Financial Officer

April 26, 2022
Energy and natural gas prices are highly correlated.*

Movements in the natural gas indexes impact the revenues in market energy sales.

* 0.75 historical correlation factor between upstate energy and natural gas prices
Natural Gas Futures Contract

Calendar Year 2022 Henry Hub Contracts

Trade Date

$/MMBtu
Year-to-date Actuals Through March 31st

### YTD ACTUALS (JANUARY-MARCH 2022)

<table>
<thead>
<tr>
<th>In $ Thousands</th>
<th>2022 Budget ($)</th>
<th>2022 Current ($)</th>
<th>Variance ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Operating Income</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Revenue</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Customer Revenue</td>
<td>$509,633</td>
<td>$513,917</td>
<td>$4,284</td>
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<tr>
<td>Market-Based Power Sales</td>
<td>269,813</td>
<td>295,323</td>
<td>26,511</td>
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<tr>
<td>Non Utility Revenue</td>
<td>8,139</td>
<td>6,184</td>
<td>(1,955)</td>
</tr>
<tr>
<td>Ancillary Service Revenue</td>
<td>8,515</td>
<td>14,419</td>
<td>5,903</td>
</tr>
<tr>
<td>NTAC and Other</td>
<td>62,930</td>
<td>81,086</td>
<td>18,157</td>
</tr>
<tr>
<td><strong>Operating Revenue Total</strong></td>
<td>858,029</td>
<td>910,929</td>
<td>52,900</td>
</tr>
<tr>
<td>Operating Expense</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase Power</td>
<td>(239,373)</td>
<td>(269,455)</td>
<td>(30,082)</td>
</tr>
<tr>
<td>Ancillary Service Expense</td>
<td>(22,668)</td>
<td>(7,226)</td>
<td>15,442</td>
</tr>
<tr>
<td>Fuel Consumed</td>
<td>(124,439)</td>
<td>(101,307)</td>
<td>23,131</td>
</tr>
<tr>
<td>Wheeling</td>
<td>(165,475)</td>
<td>(187,729)</td>
<td>(22,254)</td>
</tr>
<tr>
<td>Operations &amp; Maintenance</td>
<td>(148,638)</td>
<td>(143,695)</td>
<td>4,944</td>
</tr>
<tr>
<td>Other Expense</td>
<td>(20,117)</td>
<td>(30,356)</td>
<td>(10,239)</td>
</tr>
<tr>
<td>Monetized Funds Support*</td>
<td>(8,067)</td>
<td>(11,347)</td>
<td>(3,280)</td>
</tr>
<tr>
<td>Allocation to Capital</td>
<td>8,490</td>
<td>9,669</td>
<td>1,179</td>
</tr>
<tr>
<td><strong>Operating Expense Total</strong></td>
<td>(718,287)</td>
<td>(741,446)</td>
<td>(23,159)</td>
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<tr>
<td><strong>EBIDA Total</strong></td>
<td>139,742</td>
<td>169,482</td>
<td>29,740</td>
</tr>
<tr>
<td><strong>Non Operating</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest and Other Expenses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment and Other Income</td>
<td>4,324</td>
<td>3,591</td>
<td>(733)</td>
</tr>
<tr>
<td>Mark to Market Adjustments</td>
<td>0</td>
<td>(140)</td>
<td>(140)</td>
</tr>
<tr>
<td><strong>FADS Total</strong></td>
<td>144,066</td>
<td>172,933</td>
<td>28,866</td>
</tr>
<tr>
<td>Interest &amp; Other Expenses</td>
<td>(27,067)</td>
<td>(28,910)</td>
<td>(1,842)</td>
</tr>
<tr>
<td>Depreciation</td>
<td>(80,278)</td>
<td>(78,991)</td>
<td>(1,287)</td>
</tr>
<tr>
<td><strong>Interest and Other Expenses Total</strong></td>
<td>(103,021)</td>
<td>(104,450)</td>
<td>(1,428)</td>
</tr>
<tr>
<td><strong>NET INCOME</strong></td>
<td>$36,721</td>
<td>$65,033</td>
<td>$28,312</td>
</tr>
</tbody>
</table>

*Monetized Funds Support: Expected incremental expenses into the forecast.

**EBIDA:** Earnings Before Interest Depreciation & Amortization

**Funds Available for Debt Service (FADS):** EBIDA + Investment and Other Income + MTM Adjustments
# 2022 Year-End Projection

## YEAR END PROJECTION (JANUARY - DECEMBER 2022)

### In $ Thousands

<table>
<thead>
<tr>
<th>In $ Thousands</th>
<th>2022 Budget ($)</th>
<th>2022 Current ($)</th>
<th>Variance ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Operating Income</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Revenue</td>
<td>$1,927,647</td>
<td>$2,065,171</td>
<td>$137,523</td>
</tr>
<tr>
<td>Market-Based Power Sales</td>
<td>705,257</td>
<td>928,287</td>
<td>223,030</td>
</tr>
<tr>
<td>Non Utility Revenue</td>
<td>32,970</td>
<td>29,748</td>
<td>(3,222)</td>
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<tr>
<td>Ancillary Service Revenue</td>
<td>28,876</td>
<td>36,566</td>
<td>7,690</td>
</tr>
<tr>
<td>NTAC and Other</td>
<td>248,765</td>
<td>229,160</td>
<td>(19,606)</td>
</tr>
<tr>
<td><strong>Operating Revenue Total</strong></td>
<td>2,923,910</td>
<td>3,308,537</td>
<td>384,627</td>
</tr>
<tr>
<td>Operating Expense</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase Power</td>
<td>(655,146)</td>
<td>(912,622)</td>
<td>(257,476)</td>
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<tr>
<td>Ancillary Service Expense</td>
<td>(90,375)</td>
<td>(35,857)</td>
<td>54,518</td>
</tr>
<tr>
<td>Fuel Consumed</td>
<td>(272,271)</td>
<td>(353,017)</td>
<td>(80,746)</td>
</tr>
<tr>
<td>Wheeling</td>
<td>(775,266)</td>
<td>(806,132)</td>
<td>(30,865)</td>
</tr>
<tr>
<td>Operations &amp; Maintenance</td>
<td>(635,231)</td>
<td>(642,671)</td>
<td>(7,440)</td>
</tr>
<tr>
<td>Other Expense</td>
<td>(76,481)</td>
<td>(85,344)</td>
<td>(8,862)</td>
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<tr>
<td>Monetized Funds Support*</td>
<td>(7,293)</td>
<td>(23,733)</td>
<td>(16,439)</td>
</tr>
<tr>
<td>Allocation to Capital</td>
<td>50,579</td>
<td>40,579</td>
<td>(10,000)</td>
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<tr>
<td><strong>Operating Expense Total</strong></td>
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<td>(2,818,796)</td>
<td>(357,310)</td>
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<tr>
<td>EBIDA Total</td>
<td>462,424</td>
<td>489,741</td>
<td>27,317</td>
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<tr>
<td><strong>Non Operating</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest and Other Expenses</td>
<td>18,041</td>
<td>(733)</td>
<td></td>
</tr>
<tr>
<td>Mark to Market Adjustments</td>
<td>0</td>
<td>(10,140)</td>
<td></td>
</tr>
<tr>
<td><strong>FADS Total</strong></td>
<td>480,466</td>
<td>496,910</td>
<td>16,444</td>
</tr>
<tr>
<td>Interest &amp; Other Expenses</td>
<td>(97,565)</td>
<td>(1,842)</td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>(321,111)</td>
<td>1,287</td>
<td></td>
</tr>
<tr>
<td><strong>Interest and Other Expenses Total</strong></td>
<td>(400,635)</td>
<td>(412,063)</td>
<td>(11,428)</td>
</tr>
<tr>
<td><strong>NET INCOME</strong></td>
<td>$61,790</td>
<td>$63,767</td>
<td>$77,678</td>
</tr>
</tbody>
</table>

** Includes Merchant Gross Margin Variance of $37,903:
Budget @ $266,910 vs Current @ $304,812

Margins - Generation**  $62,958
Margins - Transmission  10,323
Margins - Non Utility (3,222)

Operating Expenses (42,742)
Non-Operating Net (11,428)

![New York Power Authority Canal Corporation Logo](image)
Date: April 26, 2022

To: THE FINANCE AND RISK COMMITTEE

From: THE INTERIM PRESIDENT and CHIEF EXECUTIVE OFFICER

Subject: Release of Funds in Support of the New York State Canal Corporation

SUMMARY

The Trustees will be requested at their May 24, 2022 meeting to authorize the release of an additional up to $21.3 million in funding to the New York State Canal Corporation (“Canal Corporation”) to support the operations of the Canal Corporation in calendar year 2022. The amount requested is 25% of the Canal Corporation’s 2022 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 $21.3 million, an amount equal to 25% of the Canal Corporation’s 2022 O&M Budget.

Staff has reviewed the effect of releasing up to an additional $21.3 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 that the impact of this release, together with the last 12 months’ releases, meets all board requirements including maintaining the debt service coverage ratio of 2.0. 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 2022-2025. 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 $21.3 million in funding to support the operation of the Canal Corporation in calendar year 2022. 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 2022 were included in the Canal Corporation’s 2022 O&M Budget and the Authority’s 2022 Budget.

RECOMMENDATION

It is requested that the Finance and Risk Committee recommend that the Trustees authorize the release of an additional up to $21.3 million in funding to the Canal Corporation to support the operations of the Canal Corporation in calendar year 2022. 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 $21.3 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.

Justin E. Driscoll
Interim President and Chief Executive Officer
RESOLUTION

RESOLVED, That the Finance and Risk Committee hereby recommends that the Trustees authorize the release of an additional up to $21.3 million in funding to the Canal Corporation to support operations of the Canal Corporation in calendar year 2022, as discussed in the foregoing report of the Interim 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 $21.3 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 the 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 Executive Vice President and Chief Financial Officer 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 Interim President and Chief Executive Officer, the Chief Operating Officer, the Interim General Counsel and Executive Vice President, 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 Interim Executive Vice President and General Counsel.
Date: April 26, 2022

To: THE FINANCE AND RISK COMMITTEE

From: THE INTERIM PRESIDENT and CHIEF EXECUTIVE OFFICER

Subject: Transmission Line Construction Contract Award
       Smart Path Connect Project

SUMMARY

The Trustees will be requested at their May 24, 2022, meeting to approve the award of a six-year construction contract to Michels Power Inc. ("Michels") of Neenah, WI in the not-to-exceed amount of $276 million. This contract will support the construction of transmission lines for the Smart Path Connect Project ("Project").

Michels' best value proposal is $270,443,901.21. Total authorization is being requested at $276 million to allow flexibility for known risks from potential changes to requirements from the New York State Public Service Commission ("NYSPSC") Article VII Application and the Environmental Management & Construction Plan, which are expected to be approved in July 2022.

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

BACKGROUND

Per Section 2879 of the Public Authorities Law and the Authority’s Guidelines for Procurement Contracts and Expenditure Authorization Procedures, the award of Construction contracts exceeding $10 million require Trustee approval.

Several initiatives and projects to develop new and upgrade existing transmission facilities are currently underway or planned over the next ten years. The initiatives include the Smart Path Connect Project, which was approved by the NYSPSC in October 2020 as a Priority Transmission Project with an in-service date of December 2025. The Project is intended to meet the expeditious advancement of the state’s energy goals and support the Authority’s VISION2030.

The Authority’s portion of the Project will rebuild approximately 50 miles of various transmission lines throughout Northern New York. Circuits included are Haverstock-Adirondack (HA1 and HA2), Moses-Haverstock (MH1, MH2, and MH3), Haverstock-Willis (HW1 and HW2), and Willis-Ryan-Patnode (WRY1, WRY2, WPN1, WPN2, RYP1, RYP2). Approximately 6 miles of HA1 and HA2, and 37 miles of HW1 and HW2, will be rebuilt with single circuit 345kV steel
monopoles in a delta configuration. The 8 miles of the Willis-Ryan-Patnode Right-Of-Way will be upgraded by rebuilding the existing two 230kV circuits to 4 new 230kV circuits between Willis and Ryan, and 3 new 230kV circuits between Ryan and Patnode. The construction also includes installation of optical ground wire and/or shield wire on the full length of each transmission line.

DISCUSSION

Pursuant to Section § 2879 of Public Authority’s Law, the Authority issued Request for Proposal (“RFP”) No. Q21-7249MR for Transmission Lines Construction Services via Ariba e-sourcing which was advertised in the New York State Contract Reporter on November 19, 2022. The scope of work includes but is not limited to furnishing all supervision, labor, materials, and equipment and perform all operations required for installation of new transmission lines and/or the demolition, reconstruction, and restoration of existing 230kV to 345kV transmission circuits. Thirty-one (31) suppliers were listed as having been invited to or requested to participate in the Ariba Event.

After launching the RFP, a pre-bid meeting was conducted on November 29, 2021, to afford the prospective bidders, the opportunity to gain greater perspectives of the project, the expected deliverables, required submittals, etc.

The RFP evaluation was performed in a two-phase approach. Phase 1 was the qualification round resulting in a short list of qualified suppliers. Phase 2 was the issuance of a Post-Bid Addendum to the short-listed suppliers with updated construction drawings for the Project.


Following an extensive evaluation process, Michels is recommended for award as the best value supplier. Michels submitted a well-defined and detailed proposal. In addition, they will be self-performing most of the work and demonstrated experience, capability, and capacity to support the Project. Michels is committed to the supplier diversity goals as set forth for the Project and it was determined that their proposal was the best value for the Authority and aligns with the Project requirements.

FISCAL INFORMATION

Expenditures for this contract will be paid from the Authority’s Capital fund, which may include the proceeds of debt issuance, as appropriate and will be included in the Proposed Four-Year Budget and Finance Plan. Cost recovery mechanisms are secured in accordance with New York Independent Service Operator tariff requirements.
RECOMMENDATION

The Executive Vice President and Chief Financial Officer, the President of NYPA Development, Vice President of Strategic Supply Management, and the Regional Manager of Transmission request that the Finance and Risk Committee recommend that the Trustees approve the award of a six-year construction contract to Michels Power Inc. of Neenah, WI in the not-to-exceed amount of $276 million. This contract will support the construction of transmission lines for the Smart Path Connect Project.

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

Justin Driscoll  
Interim President and Chief Executive Officer
RESOLUTION

RESOLVED, That the Finance and Risk Committee recommends that the Trustees approve, pursuant to the Guidelines for Procurement Contracts adopted by the Authority and the Authority’s Expenditure Authorization Procedures, the award of a six-year construction contract to Michels Power Inc. in the not-to-exceed amount of $276 million as recommended in the foregoing memorandum of the Interim President and Chief Executive Officer;

RESOLVED, That the Authority will use Capital, which may include proceeds of debt issuances, to finance the cost of this Project.

<table>
<thead>
<tr>
<th>Contractors</th>
<th>Contract Approval</th>
</tr>
</thead>
<tbody>
<tr>
<td>Michels Power Inc. (“Michels”) Neenah, WI</td>
<td>$276,000,000</td>
</tr>
<tr>
<td>RFP # Q21-7249MR</td>
<td></td>
</tr>
</tbody>
</table>
Date: April 26, 2022  
To: THE FINANCE AND RISK COMMITTEE  
From: THE INTERIM PRESIDENT and CHIEF EXECUTIVE OFFICER  
Subject: Control Enclosures and Relay Panels On-Call Contract Award

SUMMARY

The Trustees will be requested at their May 24, 2022, meeting to approve the award of a ten-year on-call equipment contract for the engineering, design, testing, furnishing, and delivery of control enclosures and relay panels to Wunderlich-Malec Services, Inc. (“WM”) of Eden Prairie, MN in the not-to-exceed amount of $36 million. This contract will support the Authority’s system-wide needs, at various existing and new substations inclusive of VISION2030 initiatives.

Limited preliminary funding in the amount of $1.5 million is requested at this Finance and Risk Committee meeting to WM to commence engineering activities to maintain the schedule for the Smart Path Connect Project (“Project”).

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

BACKGROUND

Per Section 2879 of the Public Authorities Law and the Authority’s Guidelines for Procurement Contracts and Expenditure Authorization Procedures, the award of equipment contracts exceeding $10 million requires Trustee approval.

Several initiatives and projects to develop new and upgrade existing transmission facilities are currently underway or planned over the next ten years. The initiatives include the Smart Path Connect Project, which was approved by the New York State Public Service Commission in October 2020 as a Priority Transmission Project with an in-service date of December 2025. The Project is intended to meet the expeditious advancement of the state’s energy goals and support the Authority’s VISION2030.

To further advance the state’s energy goals and VISION2030, additional projects are currently in development and may be identified, awarded, or approved in the future. These projects may include new assets or replacement of existing assets as needed. This on-call contract allows flexibility for the Authority to retain a qualified vendor to design and manufacture control enclosures and relay panels.
The scope of this On-Call Value Contract and subsequent PORs includes:

1. Ability to procure control enclosures and relay panels required to support the Authority’s existing assets as well as support for future transmission development projects.
   a. The purchase of three prefabricated control enclosures and associated relay panels for the Smart Path Connect Project, to be installed at the new Willis, Adirondack, and Haverstock Substations for a total of $15,318,365.33
   b. Based on a review of the long-term capital portfolio, including replacement and history with these types of assets, it is anticipated that three to four new control enclosures and their associated relay panels, at a cost of approximately $4 million each for a total estimated $15 million, may be required over the next 10 years.

DISCUSSION

Pursuant to the Authority’s Procurement Guidelines, the Authority issued Request for Qualifications (“RFQ”) Inquiry No. Q21-7198MR which was advertised in the New York State Contract Reporter on June 21, 2021 to solicit information from qualified suppliers, enabling the Authority to evaluate the capabilities and capacity of each supplier who have experience with manufacturing and delivery of high voltage substation control enclosures and experience with successful execution of projects of similar scope and scale. Six suppliers submitted qualifications in response to the RFQ. The suppliers were evaluated based on qualifications, project experience, fabrication facilities, safety, financials, etc. Although these suppliers were deemed qualified, it was determined, that it was in the best interest of the Authority, to issue a Request for Proposal (“RFP”) to the public in order to cast a wider net to attempt to obtain other suppliers to ensure a more thorough and robust evaluation process.

The Authority issued RFP No. Q21-7253MR via Ariba e-sourcing which was advertised in the New York State Contract Reporter on December 6, 2021. Eighteen suppliers were listed as having been invited to or requested to participate in the Ariba Event. Four proposals were received electronically via Ariba on January 21, 2022, and were evaluated, as further set forth in the Award Recommendation document.

The proposals were evaluated based on relevant criteria, including, meeting technical specifications, experience, delivery; pricing; financial health, exceptions taken to the Authority’s contract terms/conditions, MWBE/SDVOB compliance, and other technical/commercial evaluation factors.

WM demonstrated extensive experience in fabrication of modular control buildings for various utility clients throughout the US. In addition to the required ISO 9001 certification, WM submitted satisfactory processes, conforming with the RFP requirements. WM has been BES approved by the Authority and their proposal demonstrated meeting the technical requirements.
All terms and conditions have been fully negotiated. Furthermore, WM shall comply and meet the diversity goals set forth in the RFP. Additionally, no steel waiver is required for WM.

**FISCAL INFORMATION**

Services under this contract will be provided on an as-needed basis. Expenditures for this contract will be paid from the Authority's Capital or Operating Fund, which may include the proceeds of debt issuance, as appropriate and will be included in the Proposed Four-Year Budget and Finance Plan.

**RECOMMENDATION**

The Executive Vice President and Chief Financial Officer, the President of NYPA Development, Vice President of Strategic Supply Management, and the Regional Manager of Transmission request that the Finance and Risk Committee recommend that the Trustees approve the award of a ten-year on-call equipment contract for the engineering, design, testing, furnishing, and delivery of control enclosures and relay panels to Wunderlich-Malec Services, Inc. of Eden Prairie, MN in the not-to-exceed amount of $36 million. Limited preliminary funding will also be requested at the April 26, 2022 Finance Review Committee meeting in the amount of $1.5 million to WM for vendor engineering to support the schedule for the Smart Path Connect Project.

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

Justin Driscoll  
Interim President and Chief Executive Officer
RESOLUTION

RESOLVED, That the Finance and Risk Committee recommends that the Trustees approve, pursuant to the Guidelines for Procurement Contracts adopted by the Authority and the Authority’s Expenditure Authorization Procedures, the award of a ten-year on-call equipment contract to Wunderlich-Malec Services, Inc. in the not-to-exceed amount of $36 million, with interim approval in the amount of $1.5 million, as recommended in the foregoing memorandum of the Interim President and Chief Executive Officer;

RESOLVED, That the Authority will use Capital or Operating Funds, which may include proceeds of debt issuances, to finance the costs of the projects.

<table>
<thead>
<tr>
<th>Contractors</th>
<th>Contract Approval</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wunderlich-Malec Services, Inc.</td>
<td>$36,000,000</td>
</tr>
<tr>
<td>Eden Prairie, MN</td>
<td></td>
</tr>
<tr>
<td>RFP # Q21-7253MR</td>
<td></td>
</tr>
</tbody>
</table>
Date: April 26, 2022

To: THE FINANCE AND RISK COMMITTEE

From: THE INTERIM PRESIDENT and CHIEF EXECUTIVE OFFICER

Subject: Information Technology Co-Sourcing Value Contracts – Increase in Value and Extension of Contract Period

SUMMARY

The Finance and Risk Committee is requested to recommend to the Trustees that the Trustees approve at their May 24, 2022 meeting an increase of $12 million in value, and extend contract period for six (6) additional months, for the three personal service contracts listed below for Technology Co-Sourcing Services. The increase in value will result in a total aggregate value of the three contracts of $67,000,000, and the extended contract period will result in a contract end date of June 30, 2023.

The aggregate amount represents the past and projected expenditures for Information Technology ("IT") co-sourcing for the period of 2017-2023. 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 $10 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 contract period and 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 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 460003321, and Cognizant Technology Solutions 460003319 in the aggregate amount of $25,000,000. On March 02, 2020, the aggregate value was increased by $6 million which increased the total aggregate amount to $31,000,000 in accordance with the Authority’s Expenditure Authorization Procedures. On July 28, 2020, the aggregate value was increased by $8 million which further increased the total aggregate amount to $39,000,000 in accordance with the Authority’s Expenditure Authorization Procedures. On May 25, 2021, the aggregate value was increased by $16 million which further increased the total aggregate amount to $55,000,000 in accordance with the Authority’s Expenditure Authorization Procedures.

The extension of these value contracts and their increased funding are required to maintain continuity of services while NYPA finalizes governance changes currently under development that are related to third-party resourcing. The Authority expects to solicit new proposals to replace these Technology Co-Sourcing Services in alignment with the expected new policies and procedures later this year.

$48.5 million for the Technology Co-Sourcing Services has been released to date against the value contracts with forecasts of $67 million to June 30, 2023 and it is now recommended to increase the funding in the amount of $12 million for the 3 contracts under the Technology Co-Sourcing Services which will increase the total aggregate amount to $67,000,000, and extend existing contracts to June 30, 2023. 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 increase the aggregate value from $55,000,000 to $67,000,000 for the co-sourcing personal service contracts.

It is requested that the Finance and Risk Committee recommend that the Trustees extend the value contract period from December 31, 2022 to June 30, 2023 for the co-sourcing personal service contracts.

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

Justin Driscoll
Interim President and Chief Executive Officer
RESOLUTION

RESOLVED, That the Finance and Risk Committee recommends that the Trustees increase the Information Technology personal service contracts for co-sourcing by $12 million to a new total value of $67 million in the amount listed below:

RESOLVED, That the Finance and Risk Committee recommends that the Trustees extend the Information Technology personal service contracts for co-sourcing by six (6) months to a new contract end date of June 30, 2023 listed below:

<table>
<thead>
<tr>
<th>Contract Award</th>
<th>Increased Contract Award Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ernst &amp; Young LLP</td>
<td></td>
</tr>
<tr>
<td>Deloitte Consulting LLP</td>
<td></td>
</tr>
<tr>
<td>Cognizant Technology Solutions</td>
<td></td>
</tr>
<tr>
<td>Previous Authorization</td>
<td>$ 55,000,000</td>
</tr>
<tr>
<td>Current Request</td>
<td>$ 12,000,000</td>
</tr>
<tr>
<td>Total Authorized Amount</td>
<td>$ 67,000,000</td>
</tr>
</tbody>
</table>

Q17-6135RM
# Digitalization Pillar: Overview

Focused on critical digital enabling capabilities to achieve VISION2030 outcomes while promoting innovation & operating efficiencies

## 3 Tactics

**A** Embed Strategic Fundamentals to drive efficiencies & effectiveness for operational sustainability (“keep the lights on”)  

- **Technology Roadmaps**
  1. **Cyber** - Maturing security and resiliency for NYPA’s critical systems and data  
  2. **Cloud** - Modernizing the technology for cost effectiveness, scalability and resiliency in support of NYPA’s risk appetite  
  3. **Infrastructure** – Providing essential 24x7 digital services and improved access and connectivity for NYPA’s digital workforce  

**B** Enable BU and enterprise capabilities needed to reach VISION2030 strategic priority objectives

- **Technology Innovation** – Creating business value through the identification and use of new and emerging technology

**C** Develop and deploy emerging and innovative technologies needed to meet longer-term VISION2030 goals

- **Outcome Metrics**
  - Cyber security tool coverage index (%)  
  - Material cyber security incidents (#)
  - Data sets in enterprise data quality program (%)  
  - Data quality index (%)  
  - SW release of VISION2030 aligned apps & enhancements (# of SW releases)
  - Automation CoE Minimum Viable Products (MVPs) (#)
Digitalization Pillar – 2022 Q1 Update

Digitalization Pillar is focused on critical digital enabling capabilities to achieve VISION2030 outcomes while promoting innovation & operating efficiencies

• All 2021 Digitalization Pillar targets and key results were achieved

• As of Q1, significant progress is made against 2022 Tactic Plans:
  ✓ Completion of the first-ever Technology & Innovation Vision and Strategy to support strategic business priorities and improve resiliency
    o Developed jointly by all NYPA Business Units and based on industry benchmarks/trends
    o Defined “North Star” direction and technology roadmaps
    o Execution of 5 roadmaps based on NYPA’s core technology (Cyber, Cloud, Infrastructure, Enterprise Architecture, and Data)
    o Focus on talent investments and delivery model sustainability
  ✓ On-track with 2022 Pillar tactic plans
## Digitalization Pillar: Tactics and 2022 Planned Outcomes

**Executive Sponsor:** Rob Piascik

<table>
<thead>
<tr>
<th>Tactics</th>
<th>Major Deliverables 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Embed Strategic Fundamentals to drive efficiencies and effectiveness for operational sustainability</td>
</tr>
<tr>
<td>1)</td>
<td>Improve IT asset management and Self-Service capabilities with ServiceNow platform</td>
</tr>
<tr>
<td>2)</td>
<td>Data Center hosting option decision (OnPrem vs. Cloud/Co-Lo)</td>
</tr>
<tr>
<td>3)</td>
<td>Begin execution of Cloud Roadmap resulting in pilot of Business Unit cloud adoption</td>
</tr>
<tr>
<td>4)</td>
<td>Privileged Access Management enabling greater cyber and business continuity resiliency</td>
</tr>
<tr>
<td>5)</td>
<td>Enhanced 24x7 Security Operations Control providing managed detection and response</td>
</tr>
<tr>
<td>6)</td>
<td>Advance Cyber Collective Defense Consortium (CCDC) outreach to additional Munis/Coops</td>
</tr>
<tr>
<td>B</td>
<td>Enable BU and enterprise capabilities needed to reach VISION2030 strategic priority objectives</td>
</tr>
<tr>
<td>1)</td>
<td>Enterprise Architecture Review Board (EARB) to align enterprise and business architecture</td>
</tr>
<tr>
<td>2)</td>
<td>Application Programming Interface (API) Platform to enable integration using a single platform</td>
</tr>
<tr>
<td>3)</td>
<td>Implement 18 data analytics/business intelligence use cases that drive business decisions</td>
</tr>
<tr>
<td>4)</td>
<td>Customer Master Data Management Design &amp; Implementation</td>
</tr>
<tr>
<td>C</td>
<td>Develop and deploy emerging and innovative technologies needed to meet longer-term VISION2030 goals</td>
</tr>
<tr>
<td>1)</td>
<td>Implement 3 automation use cases to further test technology enabled process automation</td>
</tr>
<tr>
<td>2)</td>
<td>Establish Technology Scouting framework to promote open innovation and co-development</td>
</tr>
<tr>
<td>3)</td>
<td>Expand connectivity services across sites to ensure access to business applications</td>
</tr>
<tr>
<td>4)</td>
<td>Leverage and Expand AGiLe Lab services to include additional customer demand</td>
</tr>
</tbody>
</table>
VISION2030 Foundational Pillar Update - Resilience

Thomas Savin, Director Projects
Adrienne Lotto, VP and Chief Risk & Resilience Officer

April 26, 2022
Preparing for a more distributed and uncertain operating environment by rapidly embedding Resilience into NYPA’s culture

**Tactic**

**A – Threat Coordination Management**

- Develop an empowered enterprise-wide resilience function that coordinates management of emerging threats and cross-cutting strategic programs

**B – Pro-active Identification of Risks**

- Pro-actively identify strategic enterprise risks throughout the organization and enable employees to take action to ensure organizational viability

**C – eGRC to Enhance Risk Decision Making**

- Establish, maintain, and utilize the eGRC tool to enhance risk decision making

**Strategic Objective**

**A**

- IT DR drills and exercises
- Crisis Management exercises
- Business Continuity Plan digitalization and enhancements
- Climate Risk Assessment – Risks assessed

**B**

- NYPA – Completed Risk Assessments
- Canals – Completed Risk Assessments

**C**

- Business Controls linked to Risk Records, Processes and Mission Essential Functions
- Risk Management Module Optimization

**Outcome Metrics**

- NYPA – Completed Risk Assessments
- Canals – Completed Risk Assessments
Tactic A – Develop an empowered enterprise-wide resilience function

2022 focuses include operationalizing the Climate Resilience and Adaptation Study results, digitizing and exercising Business Continuity Plans, and advancing BCP and IT Disaster Recovery collaboration

2022 Accomplishments

- Benchmarked the Business Continuity Program with presentation to the Executive Risk & Resilience Management Committee
- Completed Climate Adaptation Study Phase 1 - Climate Projections and initiated Phase 2 – Infrastructure Modeling and Analysis

2022 Work in Progress and Outlook

- Continue Business Continuity Program Enhancements, including formalizing top-down recovery strategies, documenting manual workarounds, and exercising plan components
- Digitalize Business Continuity Plans and IT Disaster Recovery Plans within eGRC Business Resiliency module, including linkage to ensure ongoing alignment
- Complete the Climate Adaptation Study infrastructure modeling analysis and final report, with input from internal stakeholders, Columbia University, and the Electric Power Research Institute (EPRI)
- Initiate roadmap development activities to operationalize the Climate Adaptation Study results

Goals

- Build, implement, and maintain resilience capabilities
- Foster a culture that challenges assumptions and biases and infuses healthy paranoia
- Be a catalyst for cross-functional communication & collaboration to mitigate against high consequence threats
Tactic B – Pro-actively identify strategic enterprise risks and enable employees to act

2022 focuses include expanding second-line oversight capabilities, quantifying the Risk Appetite Statement, and formalizing an Emerging Risk Program

2022 Accomplishments

- Published and socialized a Risk Appetite Statement to foster transparency and formalize risk tolerances
- Approved the Emerging Risk Program processes, including integration planning with established Enterprise and Operational Risk Management processes

2022 Work in Progress and Outlook

- Complete the Annual Enterprise Risk Assessment workshops, with results presented to the Finance and Risk Committee
- Quantify metrics and thresholds to further operationalize the Risk Appetite Statement and provide transparency to first-line Risk Owners
- Emerging Risk Program go-live, with supporting governance and presentations to the Executive Risk & Resilience Management Committee and Board of Trustees
- Collaborative communication campaign with Risk Management, Resilience, Internal Business Controls, and Audit to raise awareness of NYPA’s maturity pathway and supporting concepts

Goals

- Foster a risk-aware culture that takes personal ownership
- Provide enhanced risk management transparency throughout the enterprise
- Empower personnel to proactively identify and manage risk
Goals

• Provide a common platform to manage policies, controls, risks, and assessments across lines of business
• Automate business processes, streamline workflows and deliver real-time reports across the enterprise
• Provide improved accessibility for personnel to proactively identify, manage, and escalate risks

Tactic C – Establish, maintain, and utilize the eGRC tool to enhance risk decision making

2022 focuses include enhancing existing modules, deploying Business Resiliency + Incident Management modules, and strengthening the second line of defense

2022 Accomplishments

✓ Simplified eGRC data entry with user compatibility enhancements
✓ Developed technical design and models for Key Risk Indicators (KRI), Risk Hierarchy, Asset Risk, and Risk, Audit and Controls integration
✓ Established Process library with functionality to link risks (in progress), controls (in progress) and Mission Essential Functions (complete)

2022 Work in Progress and Outlook

• Complete EGRG maintenance, training, and enhancements (specific to Risk, Controls, and Audit modules)
• Complete Data Taxonomy and implement in applicable modules
• Implement KRI and Risk Hierarchy
• Complete the Risk, Controls and Audit implementation linking the three modules
• Implement the Business Resiliency Module (Business Continuity and IT Disaster Recovery)
• Implement the Incident Management Module (Ethics and Compliance)
## Resilience | Outcomes - 2022 Targets and YTD actuals for Q1

### Tactic A – Threat coordination management
- **Measures**
  - IT DR drills and exercises - Technology focused (#) -
  - Crisis Management exercises – Process focused (#) 5 8
  - Business Continuity Plans completed (%) 14% 14%

### Tactic B – Proactive identification of risks
- **Measures**
  - NYPA – Completed risk assessments (%) 100% 94%
  - Canals – Completed risk assessments (%) 100% 100%

### Tactic C – eGRC to enhance risk decision making
- **Measures**
  - Business Controls linked to Risk Records (%) 3% 3%
  - Risk Management Module Optimization (%) 100% 100%

<table>
<thead>
<tr>
<th>#</th>
<th>Measure</th>
<th>Unit</th>
<th>Q1 Target</th>
<th>Q2 Target</th>
<th>Q3 Target</th>
<th>Q4 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>IT DR drills and exercises - Technology focused</td>
<td>#</td>
<td>--</td>
<td>11</td>
<td>--</td>
<td>29</td>
</tr>
<tr>
<td>2</td>
<td>Crisis Management exercises – Process focused</td>
<td>#</td>
<td>5</td>
<td>15</td>
<td>25</td>
<td>40</td>
</tr>
<tr>
<td>3</td>
<td>Business Continuity Plans completed</td>
<td>%</td>
<td>14%</td>
<td>36%</td>
<td>71%</td>
<td>86%</td>
</tr>
<tr>
<td>4</td>
<td>NYPA – Completed risk assessments</td>
<td>%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>5</td>
<td>Canals – Completed risk assessments</td>
<td>%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>6</td>
<td>Business Controls linked to Risk Records</td>
<td>%</td>
<td>3%</td>
<td>15%</td>
<td>30%</td>
<td>50%</td>
</tr>
<tr>
<td>7</td>
<td>Risk Management Module Optimization (%)</td>
<td>%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

### Comments
- Canals Risk Assessment commenced completed

---

Legend:
- Meeting or exceeding target
- No update
- Off target
- Informational, no target
- Significantly off target
VISION2030 Foundational Pillar Update - Environmental, Social, and Governance

Kerry-Jane King
Senior Director, Sustainability

April 26, 2022
Environmental, Social, and Governance

Vision:
Deliver on a best-in-class sustainability strategy to meet the present and future needs of our stakeholders and ensure long-term environmental, social, governance, and economic performance

Three tactics to deliver on our vision of ESG for NYPA!

A. Demonstrate our commitment to ESG over the long-term by issuing a sustainability plan and annual sustainability reports, developed in accordance with leading frameworks.

B. Expand the sustainability function to encompass strategic guidance, oversight, and reporting for identified material ESG issues – integrating leading practices and providing cohesive direction across the enterprise.

C. Bring best-in-class ESG ambitions to life and fully integrate ESG into NYPA’s DNA by evaluating our ESG model and transforming leadership practices.
Tactic A – Issue annual reports developed in accordance with leading frameworks

**2021 Sustainability Report**
Prepare Sustainability Report with Corporate Communications, addressing NYPA’s 15 material ESG issues and aligning with leading ESG standards (GRI, SASB, TCFD)

**2022 Updates:** Report under development, on track to be completed in July

**2022 Integrated Report**
Identify IR metrics, conduct data controls review/remediation in collaboration with Internal Business Controls, with Internal Audit advising, and draft integrated report, combining Annual and Sustainability Report in one

**2022 Updates:** Metrics identified, data controls remediation underway, to be completed in July

**Greenhouse Gas Accounting**
Expand greenhouse gas (GHG) inventory across direct, indirect, upstream, and downstream emissions to support GHG management and reporting

**2022 Updates:** Data sources identified, data collection in progress

**CDP Public Authorities Questionnaire**
Participate in CDP Public Authorities Climate Risk Disclosure questionnaire as early adopter

**2022 Updates:** Questionnaire to launch in June, due to CDP in September
Climate Resilience Study (with Argonne and NYPA Resilience group)
Develop high-resolution climate projections and strategy to operationalize findings

**2022 Updates:** Climate assessment due to be completed in October; a strategy will be developed to integrate findings in asset plans and processes

---

BuildSmart 2025
Implement program to achieve NYPA’s energy reduction target of 0.12TBtu

**2022 Updates:** Developing clean energy master plan that will identify opportunities to increase building efficiency and electrification, on track for completion in June

---

Vehicle Electrification
Install charging infrastructure at sites in support of NYPA’s light-duty fleet EV targets of 50% by 2025 and 100% by 2030

**2022 Updates:** Conducting EV infrastructure assessment and developing plan for site charging station installations, to be completed in May
Tactic B (cont.) – Establish leading practices and provide cohesive direction across the enterprise

**Land and Water Initiatives**
Support healthy ecosystems, increase natural carbon storage, and employ nature-based solutions to enhance climate resilience

**2022 Updates:** Conducting land assessment to identify natural carbon storage opportunities; establishing pollinator habitat; launching customer Tree Power 2.0

**Supply Chain Sustainability**
Embed ESG into NYPA’s supply chain practices, supporting NYS and diverse suppliers and increasing purchase of green products

**2022 Updates:** Developing strategic supplier scorecards and supplier code of conduct; green product purchasing assessment planned for Q3

**Zero Waste Program**
Identify strategies for redesign, reduction, reuse and recycling at all sites and establish diversion rate milestones and targets

**2022 Updates:** Launched site-specific online recycling training in MOSAIC; Zero Waste Assessment to start Q3 2022
**Tactic C – Integrate ESG into policies, processes, and culture**

**ESG Action Plans**
Create annual action plans to track progress towards 2021-2025 Sustainability Plan goals

**2022 Updates:** Tracking 55 goals, with quarterly progress reports provided by ESG leads

---

**Policy Review and Revision**
Review and revise sustainability-related policies to support ESG goals

**2022 Updates:** Reviewing policies due for review/revision in 2022

---

**Sustainability Advisory Council**
Convene SAC for guidance and support on development and implementation of programs

**2022 Updates:** Held monthly check-ins to move programs forward

---

**Stakeholder Engagement**
Provide training and educational programming across a range of sustainability topics

**2022 Updates:** Launched Unit 5 of *SustainAble U* training program
## ESG | Outcomes - 2022 Targets and YTD actuals for Q1

<table>
<thead>
<tr>
<th>#</th>
<th>Measure</th>
<th>Baseline</th>
<th>YTD Target</th>
<th>YTD Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>BuildSmart 2025 Project Pipeline – NYPA (TBtu)</td>
<td>0 TBtu</td>
<td>0.057</td>
<td>0.057</td>
</tr>
<tr>
<td>2</td>
<td>EV fleet share – NYPA (%)</td>
<td>FY 19-20: 18%</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>3</td>
<td>Habitat restored/maintained - NYPA (Acres)</td>
<td>FY 22: 0 acres</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>4</td>
<td>Reduction in municipal solid waste - NYPA (%)</td>
<td>SFY 19-20: 0%</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

### Legend
- **Meeting or exceeding target**
- **Off target**
- **Significantly off target**
- **No update**
- **Informational, no target**

### Definitions
- **BuildSmart**: Savings for projects that have reached 30% design. No additional projects planned in 2022.
- **EV Fleet**: Percent of vehicles that are zero emission vehicles (EV and plug-in hybrids)
- **Habitat**: Acres of land where restoration has been initiated. Projects to be initiated at NIA, Power Vista, Utica Energy Zone, BG, and STL by EoY.
- **Waste**: Data reported annually. Update to come Q4.

<table>
<thead>
<tr>
<th>#</th>
<th>Measure</th>
<th>Unit</th>
<th>Q1 Target</th>
<th>Q2 Target</th>
<th>Q3 Target</th>
<th>Q4 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>BuildSmart 2025 Project Pipeline – NYPA</td>
<td>TBtus</td>
<td>0.057</td>
<td>0.057</td>
<td>0.057</td>
<td>0.057</td>
</tr>
<tr>
<td>2</td>
<td>EV fleet share – NYPA</td>
<td>%</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>21</td>
</tr>
<tr>
<td>3</td>
<td>Habitat restored/maintained - NYPA</td>
<td>Acres</td>
<td>0</td>
<td>6.16</td>
<td>7.16</td>
<td>76.46</td>
</tr>
<tr>
<td>4</td>
<td>Reduction in municipal solid waste - NYPA</td>
<td>%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>10</td>
</tr>
<tr>
<td>5</td>
<td>BuildSmart 2025 Project Pipeline – GHG emission reduction</td>
<td>t CO2e</td>
<td><strong>In development for 2023</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Fleet GHG emission reduction</td>
<td>lbs CO2</td>
<td><strong>In development for 2023</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Water efficiency</td>
<td>Gallons</td>
<td><strong>In development for 2023</strong></td>
<td></td>
<td></td>
<td></td>
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</tbody>
</table>
Date: April 26, 2022
To: THE FINANCE AND RISK COMMITTEE
From: THE INTERIM PRESIDENT and CHIEF EXECUTIVE OFFICER
Subject: Instrument Transformers
Request for Waiver to Article 22 “STEEL COMPONENTS”

SUMMARY

The Trustees will be requested at their May 24, 2022, meeting to waive the requirements of Agreement Article 22 “STEEL COMPONENTS” providing for the purchase of steel components produced in whole or substantial part in the United States in compliance with Public Authorities Law §2603-a for the procurement of instrument transformers. This requested waiver is required to award an On-Call equipment contract to Hitachi Energy USA (“Hitachi”) and to Trench Industries Ltd. (“Trench”), for the purchase of instrument transformers.

The furnishing and delivery of the instrument transformers are in support of the Smart Path Connect Project (“SPC”).

BACKGROUND

Several initiatives and projects to develop new transmission and/or upgrade existing transmission assets are currently underway and/or planned during the next ten years. Currently, the initiatives include SPC, supporting the Authority’s VISION2030. This project requires the supply of new instrument transformers.

To further advance the state’s energy goals and VISION2030, additional projects are currently in development and may be identified, awarded, or approved in the future. These projects may include new assets or replacement of existing assets as needed. These on-call contracts allow flexibility for the Authority to retain a qualified vendor to design and manufacture instrument transformers.

DISCUSSION

Pursuant to Section § 2879 of Public Authority's Law, the Authority issued Request for Proposal (“RFP”) No. RFP S21-3091MW via Ariba e-sourcing which was advertised in the New York State Contract Reporter on December 8, 2021. Twelve suppliers were listed as having been invited to or requested to participate in the Ariba Event. Four proposals were received electronically via Ariba from GE Grid Solutions, LLC (“GE”), Valve Industries, Inc. (“Valve”), Trench Industries Ltd., and Hitachi Energy USA Inc. The RFP requirements included but was not limited to, engineering, design, manufacturing, fabrication, testing, delivery, and technical support of new instrument transformers.

GE has had scheduled delivery difficulties with recent projects performed for the Authority. Both GE’s and Valve’s manufacturing facilities lack experience with the Authority and have not been inspected by the Authority’s QA team. These suppliers were deemed not to
provide Best Value and were not considered further for award. Hitachi and Trench met the technical requirements for the Project and their manufacturing facilities and processes are acceptable to the Authority.

Hitachi and Trench took exception to Article 22 “STEEL COMPONENTS” as both suppliers indicated they are unable to comply. At this time, Hitachi and Trench are both recommended for award with the requested waivers.

As a result of this RFP and upon successful negotiations and quality assurance assessments, the Authority, in accordance with its Expenditure Authorization Procedures, is intending on awarding two on-call value contracts for a ten-year term in the aggregate amount of $5 million, pending approval of the steel waiver.

FISCAL INFORMATION

Services under this contract will be provided on an as-needed basis. Expenditures for these contracts will be paid from the Authority’s Capital or Operating Fund, which may include the proceeds of debt issuance, as appropriate and will be included in the Proposed Four-Year Budget and Finance Plan.

RECOMMENDATION

The Executive Vice President and Chief Financial Officer, the President of NYPA Development, Vice President of Strategic Supply Management, and the Regional Manager of Transmission request that the Finance and Risk Committee recommend that the Trustees approve the waiver of the requirement of the Authority's Agreement Article 22 "STEEL COMPONENTS" for the procurement of instrument transformers. This requested waiver is required to award on-call value contracts to Hitachi Energy USA and Trench Industries Ltd., for the purchase of instrument transformers.

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

Justin Driscoll
Interim President and Chief Executive Officer
RESOLUTION

RESOLVED, That the Finance and Risk Committee recommends that the Trustees approve 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 instrument transformers, as recommended in the foregoing memorandum of the Interim President and Chief Executive Officer;

RESOLVED, That the Authority will use Capital or Operating Funds, which may include proceeds of debt issuances, to finance the costs of the projects.

**Contractor**

Hitachi Energy USA  
Raleigh, NC

Trench Industries Ltd.  
Scarborough, Ontario, Canada

RFP # S21-3091MW
Date: April 26, 2022
To: THE FINANCE AND RISK COMMITTEE
From: THE INTERIM PRESIDENT and CHIEF EXECUTIVE OFFICER
Subject: Current Limiting Reactors
Request for Waiver to Article 22 “STEEL COMPONENTS”

SUMMARY

The Trustees will be requested at their May 24, 2022, meeting to waive the requirements of Agreement Article 22 “STEEL COMPONENTS” providing for the purchase of steel components produced in whole or substantial part in the United States in compliance with Public Authorities Law §2603-a for the procurement of current limiting reactors. This requested waiver is required to award an equipment contract to Trench Industries Ltd. (“Trench”), for the purchase of current limiting reactors.

The furnishing and delivery of the current limiting reactors are in support of the Smart Path Connect Project (“SPC”).

BACKGROUND

Several initiatives and projects to develop new transmission and/or upgrade existing transmission assets are currently underway and/or planned during the next ten years. Currently, the initiatives include SPC, supporting the Authority’s VISION2030. This project requires the supply of new current limiting reactors.

DISCUSSION

Pursuant to Section § 2879 of Public Authority’s Law (PAL), the Authority issued Request for Proposal (“RFP”) No. Q22-7267AP current limiting reactors via Ariba e-sourcing which was advertised in the New York State Contract Reporter on January 13, 2022. Thirteen (13) suppliers were listed as having been invited to or requested to participate in the Ariba Event. On February 25, 2022, two proposals were received electronically via Ariba from Coil Innovation USA, Inc., and Trench Industries Ltd. The RFP requirements included but was not limited to, engineering, design, manufacturing, fabrication, testing, delivery, and technical support of new current limiting reactors. Trench’s price was more competitive and demonstrated the best value for the Authority. Trench also took limited exceptions to the technical requirements.

Trench took exception to Article 22 “STEEL COMPONENTS” as the supplier indicated they are unable to comply. Trench confirmed that cost of steel components is 2% of the total price and steel components will be sourced from Canada. At this time, Trench is recommended for award with the requested waiver.

As a result of this RFP and upon successful negotiations, the Authority, in accordance with its Expenditure Authorization Procedures is intending on awarding a Purchase Order for a five-year term in the total amount of $2 million, pending approval of the steel waiver.
FISCAL INFORMATION

Expenditures for these contracts will be paid from the Authority’s Capital Fund, which may include the proceeds of debt issuance, as appropriate and will be included in the Proposed Four-Year Budget and Finance Plan.

RECOMMENDATION

The Executive Vice President and Chief Financial Officer, the President of NYPA Development, Vice President of Strategic Supply Management, and the Regional Manager of Transmission request that the Finance and Risk Committee recommend that the Trustees approve the waiver of the requirement of the Authority's Agreement Article 22 "STEEL COMPONENTS" for the procurement of current limiting reactors. This requested waiver is required to award a purchase order to Trench Industries Ltd., for the purchase of current limiting reactors.

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

Justin Driscoll
Interim President and Chief Executive Officer
RESOLUTION

RESOLVED, That the Finance and Risk Committee recommends that the Trustees approve 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 current limiting reactors, as recommended in the foregoing memorandum from the Interim President and Chief Executive Officer;

RESOLVED, That the Authority will use Capital Funds, which may include proceeds of debt issuances, to finance the costs of the projects.

Contractor

Trench Industries Ltd.
Scarborough, Ontario, Canada

RFP # Q22-7267AP
# Table of Contents

<table>
<thead>
<tr>
<th>Subject</th>
<th>Page No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
<td>2</td>
</tr>
<tr>
<td>1. Adoption of the March 18, 2022 Proposed Meeting Agenda</td>
<td>2</td>
</tr>
<tr>
<td>2. Motion to Conduct an Executive Session</td>
<td>2</td>
</tr>
<tr>
<td>3. Motion to Resume Meeting in Open Session</td>
<td>2</td>
</tr>
<tr>
<td>4. DISCUSSION AGENDA:</td>
<td>3</td>
</tr>
<tr>
<td>a. Financial Operations</td>
<td>3</td>
</tr>
<tr>
<td>i. Chief Risk &amp; Resilience Officer Report – Managing Credit Exposure</td>
<td>3</td>
</tr>
<tr>
<td>ii. Chief Financial Officer Report</td>
<td>4</td>
</tr>
<tr>
<td>iii. Amendment and Restatement of the 2020 Revolving Credit and Note Purchase Agreements Resolution</td>
<td>4</td>
</tr>
<tr>
<td>iv. Release of Funds in Support of the New York State Canal Corporation Resolution</td>
<td>5</td>
</tr>
<tr>
<td>v. Contribution of Funds to the State Treasury Resolution</td>
<td>6</td>
</tr>
<tr>
<td>b. Utility Operations</td>
<td>7</td>
</tr>
<tr>
<td>i. Supply Chain and Inflation Risk – Report</td>
<td>7</td>
</tr>
<tr>
<td>ii. High Voltage Circuit Breakers – On-Call Contract Awards Resolution</td>
<td>10</td>
</tr>
<tr>
<td>iii. Substation Transformers and Shunt Reactors – On-Call Contract Awards Resolution</td>
<td>10</td>
</tr>
<tr>
<td>iv. St. Lawrence Power Project – Replacement of Robert Moses Power Dam Autotransformer 1 – Capital Expenditure Authorization Request Resolution</td>
<td>11</td>
</tr>
</tbody>
</table>
### 5. CONSENT AGENDA:

<table>
<thead>
<tr>
<th>Subject</th>
<th>Page No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>5. CONSENT AGENDA:</td>
<td>12</td>
</tr>
<tr>
<td>a. Utility Operations</td>
<td>12</td>
</tr>
<tr>
<td>i. Architecture and Engineering Design Contracts – Recommendation</td>
<td>12</td>
</tr>
<tr>
<td>for Contract Award Resolution</td>
<td></td>
</tr>
<tr>
<td>ii. Disconnect Switches On-Call Contract – Request for Waiver to</td>
<td>13</td>
</tr>
<tr>
<td>Article 22 “STEEL COMPONENTS” Resolution</td>
<td></td>
</tr>
<tr>
<td>iii. Overhead Conductor and Overhead Ground Wire – On-Call</td>
<td>13</td>
</tr>
<tr>
<td>Contract Award Resolution</td>
<td></td>
</tr>
<tr>
<td>b. Approval of the Minutes of the Joint Meeting held on January 12,</td>
<td>14</td>
</tr>
<tr>
<td>2022</td>
<td></td>
</tr>
<tr>
<td>6. Next Meeting</td>
<td>14</td>
</tr>
<tr>
<td>7. Closing</td>
<td>14</td>
</tr>
</tbody>
</table>
March 18, 2022

Minutes of the joint meeting of the New York Power Authority and Canal Corporation’s Finance and Risk Committee held via videoconference at approximately 12:09 a.m.

Members of the Finance Committee present were:

Tracy B. McKibben - Chair
John R. Koelmel
Eugene Nicandri
Michael Balboni

Excused: Anthony Picente, Jr., Dennis Trainor and Bethaida González

Also in attendance were:

Justin E. Driscoll          Interim President and Chief Executive Officer
Adam Barsky               Executive Vice President and Chief Financial Officer
Sarah Salati             Executive Vice President Chief Commercial Officer
Joseph Kessler           Executive Vice President and Chief Operating Officer
Kristine Pizzo          Executive Vice President and Chief Human Resources & Administrative Officer
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
Lee Garza               Senior Vice President – Financial Operations
Angela Gonzalez        Senior Vice President – Internal Audit
Patricia Lombardi      Senior Vice President – Project Delivery
Scott Tetenman         Senior Vice President – Finance
James Levine          Assistant General Counsel – Finance & Bonds
Adrienne Lotto Walker   Vice President and Chief Risk & Resilience Officer
Eric Meyers            Vice President and Chief Information Security Officer
Girish Behal           Vice President – Project & Business Development
Andrew Boulais        Vice President – Project & Construction Management
John Canale            Vice President – Strategic Supply Management
Angelyn Chandler      Vice President – Planning
Joseph Leary          Vice President – Community & Government Relations
Shirley Marine        Vice President – Enterprise Shared Services
Fabio Mantovani       Vice President – Head of e-Mobility
Victor Costanza       Senior Director – Cyber Security & Deputy CISO
Christina Reynolds    Treasurer
Sundeep Thakur         Controller
Earl Faunlagui        Senior Director – Market & Commodities Risk
Carley Hume            Chief of Staff
Christopher Vitale  Finance Performance & Reporting Manager
Lorna Johnson         Senior Associate Corporate Secretary
Sheila Quatrocci      Associate Corporate Secretary
Michele Stockwell     Project Coordinator - Corporate Secretary
Christopher Davan   KPMG
Scott Heiser          KPMG

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 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 18, 2022 Proposed Meeting Agenda**

On motion made by Member John Koelmel and seconded by Member Eugene Nicandri, the agenda for the meeting was adopted, as amended.

**Conflicts of Interest**

Chairperson McKibben and Members Koelmel, Nicandri, Picente, Balboni, Trainor, and González declared no conflicts of interest based on the list of entities previously provided for their review.

2. **Motion to Conduct and Executive Session**

On motion made by Member John Koelmel and seconded by Member Eugene Nicandri, 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 Michael Balboni 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. **Chief Risk & Resilience Officer Report – Managing Credit Exposure**

         Ms. Adrienne Lotto Walker, Vice President and Chief Risk & Resilience Officer said that the committee members, at the January Finance and Risk Committee meeting, requested staff provide an update on the counterparties used to support the Commodity Hedging Program. The Risk Management group recognizes credit risks from counterparties that Commercial Operations and Treasury departments utilize for transactions related to energy, capacity, and aluminum products, with credit exposures managed through coordinated activities between the Chief Financial Officer, Chief Commercial Officer, and Risk Management. Ms. Lotto Walker invited Mr. Earl Faunlagui, Senior Director of Market & Commodities Risk, to provide an overview.

         Mr. Earl Faunlagui provided an overview of Risk Management’s activities related to how the Authority’s credit exposure is managed, in regard to counterparties used to support the Commodity Hedging Program.

         **Credit Risk throughout the Organization**

         Credit Risk is defined as the possibility of loss resulting from failure to receive payments from contractual obligations. In terms of NYPA’s Business Lines, these risks come from the Commodity Hedging Program, Clean Energy Solutions Portfolio, and Short-Term Account Receivables. The Enterprise Credit Risk Committee was established to provide oversight, controls, and guidance for the organization in terms of the risks it manages.

         **Commodity Hedging Program – Managing Counterparties & Risk**

         **Hedging with Counterparties**
         Market price risk is mitigated through the execution of hedge positions, however, potential credit risk with the counterparty is introduced. To mitigate against this exposure, the Authority continually monitors the creditworthiness of counterparties.

         **Disciplined Daily Collateral Management**
         The Authority has daily collateral arrangements so that exposures are protected, in the event of counterparty default. Counterparty arrangements are governed by industry-standard Credit Support agreements, from which the Authority leverages its strong credit rating.

         Member Koelmel opined on the place of non-rated counterparties in the credit portfolio.

         In closing, Mr. Faunlagui said that the team will continue to develop further guidance to minimize credit exposures and will reassess the use of select counterparties, communicating subsequent actions to the Committee.
March 18, 2022

ii. **Chief Financial Officer Report**

Mr. Adam Barsky, Executive Vice President and Chief Financial Officer, provided an update on the Authority’s financial results for January and February 2022.

**YTD Actuals (January-February 2022)**

The Authority is off to a good start for the reporting period. This is due mainly to the fact that energy prices are higher, in general, and also, the month of January was colder than normal. The Authority did well in terms of market-base sales and its merchant margins which is projected to do well over the course of the year.

Margins – Generation – above projection

Margins – Transmission – slightly above projection

Margins – Non-Utility – slightly below projection

Operating Expenses – slightly higher than projection

Overall, the Authority is tracking ahead of the Budget Plan.

iii. **Amendment and Restatement of the 2020 Revolving Credit and Note Purchase Agreements**

Ms. Christina Reynolds, Treasurer, provided highlights of the Amendment and Restatement of the 2020 Revolving Credit and Note Purchase Agreements to the members. She said that the members are requested to approve a new, $150 million sub-limit under the Authority’s existing hybrid facility which is currently a commercial paper backstop facility. The Letters of Credit ("LCs") are requested as an alternative to cash postings.

At present, the Authority has about $130-150 million of cash posted pursuant to its hedging activities. Staff recently negotiated $110 million of incremental counterparty lines with the Authority’s banks, which are presently being documented. Staff would also like to have LCs as an option to post as collateral and remove cash when these lines are exceeded.

In terms of the backstop facilities, the Authority has $950 million of facilities, $700 million of which are commercial paper backstop facilities. The $250 million facility was put in place as part of the Authority’s plan of finance in 2020. It is not only a commercial paper backstop facility, but it also provides for revolving loans on an as-needed basis on a LIBOR basis. The pricing when the Authority first put the facility in place was 175 basis points over LIBOR and had a 75-basis point commitment fee. With the renewal in 2021, it dropped to an average because there is a differential between taxable and tax-exempt of 80 basis points and 27-1/2 fixed commitment fee. This year, the Authority received a further ten percent improvement with the renewal effective in April. The Authority will see 65 basis points over SOFR because it is transitioning to SOFR instead of LIBOR. The 65 basis points were tax exempt, and 84 basis points were taxable. The LCs will be tied to the cash pricing at 75 basis point per annum.

*On motion made by member John Koelmel and seconded by member Michael Balboni, the following resolution, as recommended by the Interim President and Chief Executive Officer, was unanimously adopted:*

RESOLVED, that the Finance and Risk Committee recommends that the Trustees approve the Amended and Restated 2022 Revolving Credit Agreement and Amended and Restated 2022 Note Purchase Agreement, the form of which is attached hereto as Exhibit 1 and as discussed in the foregoing report of the Interim
March 18, 2022

President and Chief Executive Officer; with such amendments, supplements, changes, insertions and omissions thereto as may be approved by the Chairman or the Interim President and Chief Executive Officer, which amendments, supplements, insertions and omissions shall be deemed to be part of such resolution as approved and adopted hereby, and be it further

RESOLVED, that the Finance and Risk Committee recommends that the Trustees affirm that the Chairman, the Vice Chairman, the Interim President and Chief Executive Officer, the Chief Operating Officer, the Interim 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 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 Interim Executive Vice President and General Counsel.

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

Mr. Adam Barsky, Executive Vice President and Chief Financial Officer, provided highlights of staff’s recommendation to the members.

*On motion made by member John Koelmel and seconded by member Eugene Nicandri, the following resolution, as recommended by the Interim President and Chief Executive Officer, was unanimously adopted.*

RESOLVED, That the Finance and Risk Committee hereby recommends that the Trustees authorize the release of an additional up to $21.3 million in funding to the Canal Corporation to support operations of the Canal Corporation in calendar year 2022, as discussed in the foregoing report of the Interim 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 $21.3 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 Executive Vice President and Chief Financial Officer 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 Interim President and Chief Executive Officer, the Chief Operating Officer, the Interim 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 Interim Executive Vice President and General Counsel.

v. Contribution of Funds to the State Treasury

Mr. Adam Barsky, Executive Vice President and Chief Financial Officer, provided highlights of staff’s recommendation to the members. He said that staff is requesting the Board’s approval to make a voluntary contribution of $17.5 million to the state. He said that following discussions with the state, and directions from Board, the goal is to continue the dialogue with the state to ensure that the contributions continue go down to zero in the near future.

He continued that, in order to approve the request, the Trustees need to find that it is deemed feasible and advisable, and it meets with the Board’s resolution that, after the payment, and other releases, the Authority still maintain its 2.0 debt service coverage ratio, which it has. He said that it is important to note that this money must go into energy-related projects to help support the state in its energy goals and programs, and it has to be consistent with the statutory mission of the Authority.

Member Eugene Nicandri opined that his understanding at the time of the transfer of the Canals to the Power Authority for operational purposes was that there was an approximate $70 - $90 million “hole” that needed to be filled which, over the 4-5 years that the Power Authority has been running Canals, has turned out to be about a $130 million hole. Therefore, with that reality, he has a deep concern with continuing to make contributions to the State General Fund even if they are tied to specific mission-stated objectives. He said he understands that the state is paying back the loan made by the Power Authority during the financial crisis, that they are making good progress and have been true to their word on making those payments. He continued that the Authority has a lot of projects in the pipeline, and there are always contingencies. He said his concern is about $17-$20 million going out the door when it may become necessary for the Authority’s purposes during the course of a particular period of time. He understands that the Chief Financial Officer has looked at all the metrics and the Authority is still within its guiderails; and that is encouraging. However, he has an ongoing concern about these continued payments, going forward, and would like to go on record that it is a concern for him.

Chair McKibben said the concern is shared across the board, and, as Adam has indicated, in his dialogue with the State, he has gotten indications that this ultimately will go to zero. The Authority looks forward to continuing the dialog with the State in this regard.

On motion made by member John Koelmel and seconded by member Eugene Nicandri, the following resolution, as recommended by the Interim President and Chief Executive Officer, with the understanding of the voiced concerns, was unanimously adopted.

RESOLVED, That the Finance and Risk Committee recommends that the Trustees hereby authorize the release of funds from the Operating Fund to the State’s general fund in the amount of $17.5 million as authorized by Section 17 of Part JJJ of Chapter 59 of the Laws of 2021 as discussed in the memorandum of the Interim President and Chief Executive Officer; and be it further

RESOLVED, That the $17.5 million 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 Resolution Authorizing Revenue Obligations, as amended and supplemented, and that such release is deemed feasible and advisable; and be it further
RESOLVED, That as a condition to making the payments specified in the foregoing resolution, on the day of such payments, the Executive Vice President and Chief Financial Officer 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 Chairman, the Vice Chairman, the Interim President and Chief Executive Officer, the Chief Operating Officer, the Interim 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 Interim Executive Vice President and General Counsel.

b. Utility Operations

i. Supply Chain and Inflation Risk – Report

Ms. Adrienne Lotto Walker, Vice President, Chief Risk and Resilience Officer, John Lom, Vice President of Strategic Supply Management, Scott Tetenman, Senior Vice President of Finance and Patricia Lombardi, Senior Vice President, Project Delivery, provided an update on how the supply chain constraints and inflation are impacting the Authority to the members.

Ms. Lotto Walker discussed Market Forces; Mr. Canale, Mitigation Strategies; Ms. Lombardi, Impacts to NYPA Projects; and Mr. Tetenman, Inflation Risks and Impacts.

1. Market Forces

Historically, steel prices are rising and will continue to rise, at least midway through 2022, according to the American Metal markets. Similarly, aluminum prices are higher and craft labor has increased. Workforce constraints in tightening labor markets impacts the Authority’s projects in terms of being able to procure and obtain resources in order to build those projects. Transportation and logistics have impacted the global supply market and trans-ocean delivery, including shipment costs, have risen significantly over the past year and no relief is anticipated for the remainder of the year.

2. Key Mitigation Strategies and Actions

Multiple market forces are stressing the Authority’s supply chain. Supply chain risks are widening and deepening across most industries. This can be attributed to the COVID-19 shutdowns over the last two years, the slow reopening and restarting of projects, and disruptions in craft workforce. This has led to capacity constraints, extended lead times, increases in materials, labor and transportation costs, and other challenges including the current Ukraine and Russia conflict.

Specific to the utility industry and NYPA, there are several challenges that the Authority have been closely monitoring. To that end, the Authority has developed and implemented mitigating strategies and actions as follows:

- Cost increases in material and commodities and transportation and labor constraints
  NYPA’s mitigation strategies are hinged upon effective monitoring of the market and timely production release actions. In the last 18 months, the Authority has intensified the
monitoring of the material commodities market, working closely with its supply chain consultants, and regularly receiving market intelligence. Staff also works closely with suppliers of major materials and equipment to gain further insights based on their experience and expertise and leveraging their resources.

- **Identifying Adequate Suppliers and Ensuring Supply Chain Capacity**
  NYPA is continuously conducting risk assessments of its key suppliers to ensure adequate capacity and to ensure that their lead times are in line with the Authority’s needs. To that end, staff worked on identifying and qualifying suppliers with an interest in domestic operations, and, where possible, New York State-based companies. The Authority is leveraging the current portfolio of large projects into its competitive bidding process to identify and on-board new suppliers with the intent to create long-term relationships with strategic suppliers. The Authority is also adopting new contract strategies and/or enhancing existing strategies by putting in place long-term, fixed-price contracts in its contracts with appropriate escalation for material and labor costs based on industry indices. The Authority is also enhancing its contract terms and conditions to ensure the appropriate retention language and liquidated damage clauses are included. In addition, the Authority conducts monthly performance reviews with key suppliers, increasing, expediting, and monitoring services by deploying on-site surveillance resources, where necessary.

- **Global Supply Chain**
  Many of the Authority’s suppliers’ operations in manufacturing and services have shifted globally, which has implications on quality, delivery, and costs. There are currently not many domestic suppliers that can meet the Authority’s needs for the purchase of high-voltage equipment. In the global market, in most cases, it does not make economic sense to ship U.S. Steel, even if available, overseas for use by non-domestic manufacturers. In those, cases where non-U.S. steel is used, staff has to request the Board’s approval for a U.S. Steel waiver. However, staff ensures that each supplier provides alternate U.S. pricing so that they can evaluate the economic impact.

  In 2020 and 2021, several steel waivers were approved by the Board relating to the Next Generation Niagara Wicket Gates and Shafts, Niagara Autotransformers, Transit Overhead Structural Steel and East Garden City Transformers and Reactors. The values of those contracts were approximately $85 million, and the U.S. Steel Waiver cost avoidance was approximately $26 million.

3. **Cost Impacts**

   The Authority continues to track pricing very closely and, most of its major equipment, aluminum, copper, and steel, are key materials. Although the content varies depending on the equipment, the commodity is going to contribute up to 50% percent of the total cost of that equipment. Therefore, it is critical that the Authority continues to look at these commodities very closely.

   In a cost comparison of specific equipment purchased in 2019 and subsequent pricing for the same equipment purchased in 2021, there has been 20 to 30 percent increases in several major equipment categories.

   The Authority has been closely tracking commodity prices. Between 2020 and 2021, two extremes were noticed. In 2020, prices dropped considerably about 50 percent due mainly to the COVID-19 pandemic. However, in 2021, prices rebounded and, to date, remain very high, up to historical high levels, more than doubling the pre-COVID pricing, in some cases.

   Correspondently, the cost for equipment mainly used in utility operations is about 25 percent higher than the pre-pandemic prices. It is important to know that the Authority is affected by
many commodities such as resin, wood pulp, and timber, all of which has drastically increased in pricing and challenges in sourcing.

Staff had originally forecasted escalation for steel in 2019 at $3.5 million, but successfully working with the supplier, pulling in releases when prices were really low, they have been able to save $2 million on the escalation, and the projected escalation for that contract is $1.5 million.

**Lead-time Impacts** – Due to the COVID-19 shutdown, lead times went up by an average of 30 percent for major equipment categories. In addition, the RFP response time has also gone up to two to three weeks.

Although the demand for power projects is relatively flat and stable, prior to and during COVID, the capacity and reliability of the supply chain, on the other hand, has been significantly reduced.

Some of the key drivers are:

- 10 to 15 percent increase in absenteeism due to COVID, whether directed to employees or family members.
- 25 to 35 percent workforce reduction on a factory floor office setting to help maintain social distancing.
- Significant instability and increase in transportation lead time, both overseas and domestic, due to equipment availability of vessels, trucks, congestion at ports, and delays in customs clearances.
- Fluctuation and availability of materials and components for things manufactured outside the United States.

**Steel Poles source for Smart Path** – In general, when staff prepare bid evaluations, the Authority’s own market assessments with intelligence from bidders are used to assess the risk and derive what contingency funds may be required for that contract. In 2019, NYPA awarded a contract to Sabre for steel poles for the Smart Path project in the amount of $79 million. Based on the commodity costs and forecasted escalation at the time, an additional 3.5 million in contingency was requested for managing material transportation. In 2019, the Authority had originally forecasted escalation for steel at $3.5 million; however, working with the supplier, the Authority was able to save $2 million; the projected escalation for the contract is now $1.5 million.

4. **Inflation Risks and Impacts**

The Authority studied the financial exposure for increases in inflation using different scenarios based on the 6% inflation estimate. For the Authority’s cost-base hydro and preference power customers, this would result in a 3.7 percent rate increase, i.e., $2,000 impact on a $53,000 monthly bill. For the economic development customers, Western New York and Recharge New York, the result is a 4.4% increase, i.e., $450 on a $10,000 per month bill. The New York City governmental customers would absorb the entire 6% increase because most of the costs associated with serving that group of customers are “pass-through” costs. These customers pay fuel costs because they are served from the Zeltmann Plant and the Astoria Energy II Plant as opposed to the hydro power customers which are served from the hydro power plants. As it relates to transmission, a $0.03 increase to a $1.18 monthly bill, which is fairly negligible.
ii. **High Voltage Circuit Breakers – On-Call Contract Awards**

Mr. Andrew Boulais, Vice President of Project and Construction Management, provided highlights of staff’s recommendation to the members.

*On motion made by member John Koelmel and seconded by member Michael Balboni, the following resolution, as recommended by the Interim President and Chief Executive Officer, was unanimously adopted:*

RESOLVED, That the Finance and Risk Committee recommends that the Trustees approve, pursuant to the Guidelines for Procurement Contracts adopted by the Authority and the Authority’s Expenditure Authorization Procedures, the award of two, ten-year equipment contracts to Hitachi Energy USA, Inc. of Raleigh, North Carolina, and Siemens Energy Inc. of Orlando, Florida, in the aggregate amount of $50,000,000, as recommended in the report of the Interim 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 projects.

<table>
<thead>
<tr>
<th>Contractors</th>
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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 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.

iii. **Substation Transformers and Shunt Reactors – On-Call Contract Awards**

Mr. Andrew Boulais, Vice President of Project and Construction Management, provided highlights of staff’s recommendation to the members.

*On motion made by member John Koelmel and seconded by member Michael Balboni, the following resolution, as recommended by the Interim President and Chief Executive Officer, was unanimously adopted:*

RESOLVED, That the Finance and Risk Committee recommends that the Trustees approve, pursuant to the Guidelines for Procurement Contracts adopted by the Authority and the Authority’s Expenditure Authorization Procedures, the award of two, ten-year equipment contracts to Hitachi Energy USA, Inc. of Cary, North Carolina, and Royal SMIT Transformers BV of Nijmegen, Netherlands in the aggregate amount of $110,000,000, as recommended in the report of the Interim President and Chief Executive Officer; and be it further
RESOLVED, That the Authority will use Capital or Operating Funds, which may include proceeds of debt issuances, to finance the costs of the projects.

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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 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.

iv. St. Lawrence Power Project – Replacement of Robert Moses Power Dam Autotransformer 1 – Capital Expenditure Authorization Request

Mr. Andrew Boulais, Vice President of Project and Construction Management, provided highlights of staff’s recommendation to the members.

On motion made by member John Koelmel and seconded by member Michael Balboni, the following resolution, as recommended by the Interim President and Chief Executive Officer, was unanimously adopted:

RESOLVED, That the Finance and Risk Committee recommends that the Trustees, pursuant to the Authority’s Capital Planning and Budgeting Procedures, approve capital expenditures in the amount of $13,044,000 for the Replacement of the Robert Moses Power Dam Autotransformer 1 Project, in accordance with, and as recommended in, the report of the Interim 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 this project.

<table>
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<td>Replacement of St. Lawrence RMPD</td>
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<td>Autotransformer 1</td>
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AND BE IT FURTHER RESOLVED, That the Finance and Risk Committee recommends that the Trustees approve, pursuant to the Guidelines for Procurement Contracts adopted by the Authority and the Authority’s Expenditure Authorization Procedures, the award of two, ten-year equipment contracts to Hitachi Energy USA, Inc. of Cary, North Carolina, and Royal SMIT Transformers BV of Nijmegen, Netherlands in the aggregate amount of $110,000,000, as recommended in the report of the Interim President and Chief Executive Officer; and be it further
RESOLVED, That the Authority will use Capital or Operating Funds, which may include proceeds of debt issuances, to finance the costs of the projects.

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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 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.

5. CONSENT AGENDA:

On motion made by member Michael Balboni and seconded by member John Koelmel, the Consent Agenda was unanimously adopted by the Trustees:

a. Utility Operations


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

RESOLVED, That the Finance and Risk Committee recommends that the Trustees authorize the Interim President and Chief Executive Officer, the Chief Operating Officer, and officers designated by the Interim President and Chief Executive Officer to execute agreements and other documents between the Authority, and the following firms:

- BKSK Architects LLP "BKSK"; New York, NY
- Cooper Robertson; New York, NY
- Interboro Partners LLC “Interboro”; Brooklyn, NY (WBE)
- OSD Outside LLC “OSD”; Brooklyn, NY
- Office for Visual Interaction, Inc. “OVI”; New York, NY (WBE)
- SBP Engineering PC “SBP”; New York, NY
- Starr Whitehouse Landscape Architects and Planners “Starr Whitehouse”; New York, NY
- SHoP Architects LLP “SHoP”; New York, NY
- Studio V Design & Planning “Studio V”; New York, NY (WBE/WBE)
- Wallace Roberts & Todd, LLC “WRT”; Philadelphia, PA
- Claire Weisz Architects (dba WXY Architecture + Urban Design) “WXY”; New York, NY (WBE)
Such agreements having such terms and conditions as the executing officer may approve, subject to the approval of the form thereof by the Interim Executive Vice President and General Counsel, to facilitate the performance of Design Services in support of the Reimagine the Canals Program in alignment with the Authority’s VISION2030 strategy; 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 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.

ii. Disconnect Switches On-Call Contract – Request for Waiver to Article 22 “STEEL COMPONENTS”

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

RESOLVED, That the Finance and Risk Committee recommends that the Trustees approve 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 manual and motor-operated disconnect switches, as recommended in the report of the Interim President and Chief Executive Officer; and be it further

RESOLVED, That the Authority will use Capital or Operating Funds, which may include proceeds of debt issuances, to finance the costs of the projects.

Contractor

GE Grid Solutions, LLC
Atlanta, GA

RFP # Q21-7238JM

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 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.

iii. Overhead Conductor and Overhead Ground Wire – On-Call Contract Award

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

RESOLVED, That the Finance and Risk Committee recommends that the Trustees approve, pursuant to the Guidelines for Procurement Contracts
adopted by the Authority and the Authority’s Expenditure Authorization Procedures, the award of a ten-year equipment contract to Midal Cables, Ltd. of Askar, Bahrain in the amount of $20,000,000, as recommended in the report of the Interim 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 projects.

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RFP # Q22-7272AP

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 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.

b. Approval of the Minutes of the Joint Meeting held on January 12, 2022

On motion made and seconded the Minutes of the New York Power Authority’s and Canal Corporation’s Finance Committee held on January 12, 2022 were unanimously adopted.

6. Next Meeting

Chairperson McKibben stated that the next regular meeting of the Finance and Risk Committee will be held on April 26, 2022.

Closing

On motion made by Member Michael Balboni and seconded by Member John Koelmel, the meeting was adjourned by at approximately 2:00 p.m.

Karen Delince
Karen Delince
Corporate Secretary
Next Meeting

The next regular meeting of the Joint Finance & Risk Committee will be held on Thursday, July 14, 2022.