



**MINUTES OF THE REGULAR MEETING
OF THE
POWER AUTHORITY OF THE STATE OF NEW YORK**

January 30, 2018

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Minutes of the Regular Meeting of the Power Authority of the State of New York held at the Clarence D. Rappleyea Building, 123 Main Street, White Plains, New York at approximately 10:12 a.m.

Members of the Board present were:

John R. Koelmel, Chairman
Eugene L. Nicandri, Vice Chairman
Dr. Anne M. Kress, Trustee
Michael A.L. Balboni, Trustee
Dennis G. Trainor, Trustee
Tracy McKibben, Trustee
Anthony J. Picente, Jr., Trustee

Gil Quiniones	President and Chief Executive Officer
Justin Driscoll	Executive Vice President and General Counsel
Joseph Kessler	Executive Vice President and Chief Operating Officer
Robert Lurie	Executive Vice President and Chief Financial Officer
Paul Belnick	Senior Vice President – Commercial Operations
Angela Gonzalez	Senior Vice President – Internal Audit
Kimberly Harriman	Senior Vice President – Public & Regulatory Affairs
Kristine Pizzo	Senior Vice President – Human Resources
Karen Delince	Vice President and Corporate Secretary
Joseph Gryzlo	Vice President and Chief Ethics and Compliance Officer
John Canale	Vice President – Strategic Supply Management
Ruth Colón	Vice President – Enterprise Shared Services
Keith Hayes	Vice President – Economic Development
Daniella Piper	Vice President – Digital Transformation Office / Acting Chief of Staff
Ethan Riegelhaupt	Vice President – Corporate Communications
Kenneth Carnes	Chief Information Security Officer – Cyber Security
Randy Crissman	Senior Consultant – Operations
Thomas Spencer	Senior Director – Enterprise Risk & Corporate Insurance
John C. Callaghan	Acting Executive Deputy Director – Canal Corporation
Brian U. Stratton	Director – Canal Corporation
Brian Liu	Asset Strategy Manager – Strategic Operations
Gerard McLoughlin	Manager – Business Power Allocations & Compliance
Mary Cahill	Manager – Executive Office
Lorna Johnson	Senior Associate Corporate Secretary
Sheila Quatrocci	Senior Assistant Corporate Secretary
Matthew Lichtash	Strategy and Executive Office Specialist
Joseph Rivera	Network Architect – Infrastructure
Glenn Martinez	Senior Network Analyst – Infrastructure

Chairman Koelmel presided over the meeting. Corporate Secretary Delince kept the Minutes.

Introduction

Chairman Koelmel welcomed the Trustees and NYPA and Canal staff members who were present at the meeting. He said that the meeting had been duly noticed as required by the Open Meetings Law and called the meeting to order pursuant to the Authority's Bylaws, Article III, Section 3.

1. **Adoption of the January 30, 2018 Proposed Meeting Agenda**

Upon motion made Trustee Balboni and seconded by Trustee McKibben, the meeting Agenda was adopted.

Conflicts of Interest

The Trustee declared no conflicts of interest based on the list of entities previously provided for their review.

2. Cyber and Physical Security Committee Report

Chairman Koelmel said that the Authority's Cyber and Physical Security committee had its initial meeting earlier and asked Trustee Balboni, Chair of the Committee, to provide an update to the Board.

Trustee Balboni said that the Cyber and Physical Security Committee held its first meeting and members Nicandri, McKibben, Trainor, and Koelmel as well as non-members, Picente and Kress attended the meeting. He said that, given the sensitive nature of the information, e.g., threat profiles and the types of cyber-related challenges any utility face, the members held discussions in executive session, the operating protocol, within the security posture, for topics such as these. He continued that members considered reports from staff in the public session. Mr. Tom Spencer of the Enterprise Risk Group reported on risk management. He outlined how and where operation technology, information technology and cyber and physical security fit into the overall enterprise risk framework, a very important strategy at NYPA. Mr. Randy Crissman of the Operations department provided a report on industry trends and cyber security initiatives and programs throughout the country, and other organizations that NYPA partner with, specifically focusing on vendor management. Mr. Kenneth Carnes, Chief Information Security officer, made a presentation on NYPA's security program which is built upon three key pillars: People, process, and technology.

Trustee Balboni ended by saying that the committee had a successful first meeting focusing on this crucial area for the continuing security of the organization.

Chairman Koelmel clarified that, as an organization, this is not the first time that NYPA focused on cyber security issues. It has been part of the Authority's broader risk management report over the years, but in light of the realities that the Authority presently has to deal with, the Authority wanted to make sure it had a sharper focus on cyber issues, and, hence, formed and convened a separate committee to address cyber challenges that are enormous and ever increasing.

3. **Motion to Conduct an Executive Session**

Mr. Chairman I move that the Board conduct an executive session pursuant to §108 of the Public Officers Law of the State of New York to consult with counsel and §105 to discuss matters involving the employment history of a particular person. Upon motion made by Trustee McKibben and seconded by Trustee Balboni, the members held an executive session.

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

Mr. Chairman, I move to resume the meeting in Open Session. Upon motion made by Trustee Kress and seconded by Vice Chairman Nicandri, the meeting resumed in Open Session.

Chairman Koelmel said no votes were taken during the Executive Session.

5. CONSENT AGENDA:

Upon motion made by Trustee Kress and seconded by Vice Chairman Nicandri, the members approved the Consent Agenda.

a. Governance Matters:

i. Approval of the Minutes

The Minutes of the Regular Meeting held on December 12, 2017 were unanimously adopted.

b. Procurement (Services) Contracts:

**i. Procurement (Services) and Other Contracts –
Business Units and Facilities – Awards,
Extensions and/or Additional Funding**

The President and Chief Executive Officer submitted the following report:

SUMMARY

The Trustees are requested to approve the award and funding of the multiyear procurement (services) contracts listed in Exhibit '5b i-A,' as well as the continuation and/or funding of the procurement (services) and other contracts listed in Exhibit '5b i-B,' in support of projects and programs for the Authority's Business Units/Departments and Facilities. Detailed explanations of the recommended awards and extensions, including the nature of such services, the bases for the new awards if other than to the lowest-priced, lowest total cost of ownership or 'best valued' bidders and the intended duration of such contracts, or the reasons for extension and the projected expiration dates, are set forth in the discussion below.

BACKGROUND

Section 2879 of the Public Authorities Law and the Authority's Guidelines for Procurement Contracts require the Trustees' approval for procurement contracts involving services to be rendered for a period in excess of one year.

The Authority's Expenditure Authorization Procedures ('EAPs') require the Trustees' approval for the award of non-personal services, construction, equipment purchase or non-procurement contracts in excess of \$3 million, as well as personal services contracts in excess of \$1 million if low bidder, or \$500,000 if sole-source, single-source or non-low bidder.

The Authority's EAPs also require the Trustees' approval when the cumulative change-order value of a personal services contract exceeds \$500,000, or when the cumulative change-order value of a non-personal services, construction, equipment purchase, or non-procurement contract exceeds the greater of \$1 million or 25% of the originally approved contract amount not to exceed \$3 million.

DISCUSSION

Awards

The term of the contract will be more than one year; therefore, the Trustees' approval is required. Except as noted, this contract contains provisions allowing the Authority to terminate the services for the Authority's convenience, without liability other than paying for acceptable services rendered to the effective date of termination. Approval is also requested for funding the contract noted below, which has an estimated dollar value of approximately \$2.3 million. Except as noted, this contract award does not obligate the Authority to a specific level of personnel resources or expenditures.

The issuance of multiyear contracts is recommended from both cost and efficiency standpoints. In many cases, reduced prices can be negotiated for these long-term contracts. Since these services are typically required on a continuous basis, it is more efficient to award long-term contracts than to rebid these services annually.

Extensions

Although the firms identified in Exhibit '5b i-B' have provided effective services, the issues or projects requiring these services have not been resolved or completed and the need exists for continuing

these contracts. The Trustees' approval is required because the terms of these contracts will exceed one year including the extension, the term of extension of these contracts will exceed one year and/or because the cumulative change-order limits will exceed the levels authorized by the EAPs in forthcoming change orders. The subject contracts contain provisions allowing the Authority to terminate the services at the Authority's convenience, without liability other than paying for acceptable services rendered to the effective date of termination. These contract extensions do not obligate the Authority to a specific level of personnel resources or expenditures.

Extension of the contracts identified in Exhibit '5b i-B' is requested for one or more of the following reasons: (1) additional time is required to complete the current contractual work scope or additional services related to the original work scope; (2) to accommodate an Authority or external regulatory agency schedule change that has delayed, reprioritized or otherwise suspended required services; (3) the original consultant is uniquely qualified to perform services and/or continue its presence and rebidding would not be practical or (4) the contractor provides proprietary technology or specialized equipment, at reasonable negotiated rates, that the Authority needs to continue until a permanent system is put in place.

The following is a detailed summary of each recommended contract award and extension.

Contract Awards in Support of Business Units/Departments and Facilities:

Energy Solutions

Information Technology – Application Services

The proposed non-personal services contract with **Presidio Networked Solutions Group, LLC ('Presidio') (Q17-6315TB; PO# TBA)** would provide for licensing and support for Cisco SmartNet Maintenance Services for a period of 5 years. The Authority, including its subsidiary, has a Cisco Network Infrastructure which consists of over 800 Cisco routing, switching and firewall devices across all sites. They form the core network backbone for all secure data, voice and secure wireless communications across the business and its operational environments. In order to maintain the critical operations and business network infrastructure, this backbone should remain updated and secured, with a posture prepared to address functional issues. With this in mind, bid documents were developed by staff and were accessible through an (SAP) ARIBA Event. Bids were solicited under the Office of General Services ('OGS') NY State Cisco umbrella contract PM20800 and advertised in the New York State *Contract Reporter* to obtain aggressive pricing among the pool of Cisco certified resellers. The solicitation was also noticed on the Authority's Strategic Supply Management (Procurement) website. Fifty-four firms accessed the bid documents and two proposals were received electronically via ARIBA by the bid due date. These proposals were evaluated as further set forth in the Award Recommendation documents. Staff recommends the award of a contract to Presidio, which is technically and commercially qualified and meets the bid requirements on the basis of 'best value,' which optimizes quality, cost and efficiency among responsive and responsible offerors. The intended term of the contract is 5 years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the total amount expected to be expended for the term of the contract, \$2,274,716.33.

Extensions and/or Additional Funding Requests:

Energy Solutions

Customer Business Development

Effective August 18, 2016, **Alliance for Sustainable Energy, LLC ('Alliance') (4500275929)** was awarded a personal service contract on a sole-source basis to assist in the ongoing development and review of solar technical and financial modeling aspects for documents such as Request for Proposals and standard Power Purchase Agreements to be used for NYPA's solar projects, programs

and advisory services. Alliance is the manager and operator of the National Renewable Energy Laboratory ('NREL') under the US Department of Energy ('DOE') prime contract number DE-AC36-08GO28308. The NREL Technical Services Agreement ('TSA') is one of the mechanisms by which DOE permits NREL to perform services for outside entities. The NREL TSA has limits of \$250,000 in value and three years in period of performance and has been preapproved by the DOE. NREL and NYPA executed TSA-16-864 (NYPA PO 4500275929), including a one-year term and cost estimate of \$200,000. NREL has unique knowledge concerning NYPA's efforts, having assisted NYPA with its K-Solar Program in 2015. Further, NREL is fully familiar with the technical aspects of the standardization of power purchase agreements used by solar developers, installers and integrators at the commercial level along with the technical specifications in implementing solar. The Trustees are requested to approve extension of the contract for two years, through August 17, 2019. No additional funds are requested.

Information Technology (IT) - Project Management

Effective January 1, 2017, **GP Strategies Corporation ('GP') (4500284535)** was awarded a one-year, non-personal service contract with a value of \$113,000 for professional services related to the upgrade of NYPA's EtaPRO server and client software. The project start date, slated for May 2017, was delayed until late September 2017 due to resource availability. Due to the need to ensure that the project is completed successfully and that there is time to complete the knowledge transfer concerning new functionality on the EtaPRO application, the Trustees are requested to approve extension of the GP contract for six months, through June 30, 2018. No additional funds are requested.

Strategy

Effective January 3, 2017, **Energy and Environmental Economics, Inc. ('E3') (4500280389)**, **Greentech Media, Inc. (4500280390)** and **Vrinda, Inc. (4500280387)** were awarded personal service contracts for the Distribution Utility of the Future Project (now known as Project EDGE) through a competitive bidding process (**Q16-6105MR**) for a one-year term for a total aggregate amount of \$358,290. The personal service contracts provide for scenario development, strategy design and market analysis relating to electric vehicles in the state of New York and design and the facilitation of stakeholder workshops. E3's Avoided Cost Tool is integral to measurement and verification work which will require its further assistance in moving this model into a system that is both useful internally and provides customers adequate insight regarding how they are meeting energy management goals. Ensuring that such data can be collected will require further distribution network technical advice from Vrinda, Inc. Additionally, Greentech Media's insights on the changing cost landscape associated with distributed energy resources and the creation of a digital platform is likely to be of pivotal importance to the future phases of work done through Project EDGE. The Trustees are requested to increase the aggregate contract amount by \$975,000 to \$1,333,290 and extend the service agreements by two years (through January 2, 2020.) The continuation of work has proceeded pending Trustee approval of this interim period of approximately one month, which is also hereby requested. **Vrinda, Inc.** is a NY State certified Minority-owned Business Entity and Women-owned Business Entity.

FISCAL INFORMATION

Funds required to support contract services for various Business Units/Departments and Facilities have been included in the 2018 Approved Operating or Capital Budget. Funds for subsequent years, where applicable, will be included in the budget submittals for those years. Payment will be made from the Operating or Capital Fund, as applicable.

Funds required to support contract services for capital projects have been included as part of the approved capital expenditures for those projects and will be disbursed from the Capital Fund in accordance with the project's Capital Expenditure Authorization Request, as applicable.

RECOMMENDATION

The Senior Vice President – Commercial Operations; the Vice President – Strategy; and the Senior Director, Information Technology, Business Transformation recommend that the Trustees approve the award of multiyear procurement (services) and other contracts to the companies listed in Exhibit '5b i-A' and the extension and/or funding of the procurement (services) contracts listed in Exhibit '5b i-B,' for the purposes and in the amounts discussed within the item and/or listed in the respective exhibits.

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

The following resolution, as submitted by the President and Chief Executive Officer, was unanimously adopted.

RESOLVED, That pursuant to the Guidelines for Procurement Contracts adopted by the Authority, the award and funding of the multiyear procurement services contracts set forth in Exhibit "5b i-A," attached hereto, are hereby approved for the period of time indicated, in the amounts and for the purposes listed therein, as recommended in the foregoing report of the President and Chief Executive Officer; and be it further

RESOLVED, That pursuant to the Guidelines for Procurement Contracts adopted by the Authority, the contracts listed in Exhibit "5b i-B," attached hereto, are hereby approved and extended for the period of time indicated, in the amounts and for the purposes listed therein, as recommended in the foregoing report of the President and Chief Executive Officer; and be it further

RESOLVED, That the Chairman, the Vice Chairman, the 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, 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 Executive Vice President and General Counsel.

6. DISCUSSION AGENDA:

a. Strategic Initiatives

i. President and Chief Executive Officer's Report

President Quiniones provided highlights of the Authority's performance to date (Exhibit "6a i-A").

2017 Year-end Report

NYPA's Overall Performance

The state of the Authority is very strong. Last year, the Authority met all of its corporate metrics. The Authority also refreshed its strategy to make sure that the team had a unified view of the organization's plans, going forward. The plan would be catalyzed by digitalization, which would enable the Authority to put the customer in the center of the transformation of the utility industry. Digitization will enable the Authority to create new business models which success will be measured by the success of the Authority's customers. To that end, the Authority issued a solicitation for approximately 400 megawatts of large-scale renewable projects such as wind, solar, biomass, and small hydro.

The Authority had a record number of projects in energy efficiency with its customers, largely for government and local buildings across the state. Also, in its journey to digitization, the Authority has installed smart meters and sensors in about 11,000 buildings across the state. It is projected that this will increase to approximately 20,000 buildings in 2020.

The Authority continues to increase employee engagement and employee development programs across the board.

Safety

In terms of safety, the Authority intentionally set its Dart Rate, the Authority's safety measure, at a stretched aspirational goal to emphasize the importance of safety in the operations of the Authority and the Canal Corporation. In spite of this, the Authority is currently outperforming the average statistics in the Bureau of Labor and Standards, as well as its peers in the American Public Power Association.

Compliance

As reported at the Cyber and Physical Security committee meeting, Utility Operations, led by Joseph Kessler, and the staff at Canals performed exemplary last year with regard to compliance. The Authority had a "clean bill of health" from all of its federal regulators that conducted an audit last year.

Sustainability & Environmental Justice

NYPA has 16 power plants located across the state -- from Massena to Montauk. NYPA's transmission system is the backbone of New York therefore, it is important to the Authority that it support those surrounding communities. Under the leadership of Kim Harriman and her team, NYPA has boosted

its sustainability and environmental justice programs, building relationships with environmental justice stakeholders and executing energy-related programs.

Industry leadership

Under the leadership of Joe Kessler and Saul Rojas, NYPA has been outstanding in providing humanitarian assistance to Puerto Rico following the devastations by Hurricane Maria. Twenty of NYPA's best engineers went to Puerto Rico the day after Hurricane Maria to assist in damage assessment, working closely with FEMA and the U.S. Army Corps of Engineers. Since that time, when Puerto Rico requested help from utility workers in the U.S. mainland, Joe Kessler and his team organize a delegation of utility workers from the various utilities in New York to go to Puerto Rico. To date, there are approximately 500 utility workers with 350 trucks from the U.S. (30 NYPA employees and 40 NYPA trucks) restoring power in the metro San Juan area, which is 70 percent of the demand or load in Puerto Rico. The team is making great progress with that work which is approximately 80 percent complete, showing the capacity and the tenacity of NYPA's workforce from all of its facilities to help in a time of great need in Puerto Rico.

Chairman Koelmel said that on behalf of the Board he wanted to congratulate President Quiniones, the leadership team and the entire organization for another outstanding year with the integration of Canals, the assistance with Puerto Rico and meeting all of the Authority's operational objectives. The Board is excited about the position the Authority is in and the opportunities that affords it for 2018.

b. Risk Management

i. Chief Risk Officer's Report

Mr. Thomas Spencer, Senior Director of Enterprise Risk and Corporate Insurance, provided highlights of Risk Management's activities to the Trustees. (Exhibit "6b i-A") He outlined some of the projects that Risk Management's team worked on in 2017 and will be working on in the future to advance the Authority's risk culture, creating an environment where informed and transparent decision-making based on risk reward tradeoffs is part of everyday decision-making by NYPA. He said, in 2017, Risk Management approached this task from three different angles: advance the risk culture internally; leverage external expertise and information; and increase resiliency, thereby making NYPA's culture more aware of its risks.

Internal Advancements

- eGRC Framework

Risk Management established a risk and compliance framework that incorporates the core risk principles of the ISO risk management framework. This framework emphasizes greater integration with the Strategy and other groups across the organization, as well as a tops-down and bottoms-up approach to risk management.

- ECRM System

Risk Management worked with the Energy Resource Management team to deploy an Energy Commodity Risk Management software solution. This tool will be used to provide greater analytical modeling capabilities for NYPA's commodity exposures, and will allow it to manage its assets on both an individual and portfolio basis.

External Involvement and Benchmarking

- LPPC Annual Meeting / CCRO and RIMS

Risk Management hosted the Annual Large Public Power Council Risk and Audit meeting in 2017. Risk Management also took a leadership role in both the Committee of Chief Risk Officers and the Risk Insurance Management Society organizations. By sharing lessons learned and best practices, Risk Management will be able to advance the risk culture at NYPA.

- Enhanced Insurance Program

Risk Management enhanced its insurance program by performing a total cost-of-risk analysis across

all lines of insurance. The results were benchmarked against the organization's peers, and potential areas of improvement, such as changing NYPA's retention levels or modifying its coverage limits, were identified.

Improved Resiliency

- Business Resiliency Framework

Risk Management implemented a business resiliency framework and updated the NYPA and Canal Corporation Business Continuity Plans as part of that framework. The updates are based on business impact analysis, identifying the most critical functions at both the White Plains and site locations.

In 2018, Risk Management continued to emphasize the idea of informed and transparent decision-making, based on risk reward tradeoff, encouraging appropriate risk taking, and a fail-fast philosophy based on the lean startup model.

Innovation

- Business Resiliency Stress Testing

Risk Management will test NYPA's current and future business models against alternative future scenarios to ensure resiliency. As NYPA undergoes its transformation to a digital utility, stress testing will help to identify risks and staff can subsequently recommend courses of corrective actions, when needed.

Customer Success

- Managing Assets on Portfolio Basis

Risk Management can increase customer success by providing value-added services to the Authority's customers and by examining opportunities to manage the customers' assets on an individual and portfolio basis. Using a portfolio approach, the Authority should be able to provide customers greater value in the form of increased risk reduction.

- Develop Management Services Framework

Risk Management will be exploring the development of a risk management services framework where the Authority could potentially add value by designing custom risk-based solutions to help its customers manage current and future risks, other than the traditional commodity risk, by potentially looking at emerging, compliance, and technology risks.

Cost Leadership

- Implementing eGRC Framework

Risk Management will begin to digitize the risk function using a governance, risk and compliance tool, and integrate the sharing of risks across multiple groups. The Authority will then be able to analyze key mitigation strategies, key controls, and key action plans vertically, horizontally and diagonally. By using this tool, the most effective items can be prioritized and the best resource allocation then be determined.

- Continue to Reimagine Insurance Function.

Risk Management continues to build-out its analytical capabilities in insurance so that it can look at NYPA's insurance program in a portfolio fashion instead of an individual program level. By integrating all of NYPA's insurance programs, Risk Management envisions being able to reduce costs while still maintaining appropriate risk coverage levels from a portfolio viewpoint.

All of these activities support Risk Management's advancement of a robust risk culture centered on informed and transparent decision-making, while encouraging appropriate risk taking and a fail-fast philosophy.

c. Operations & Finance

i. Financial Report

Mr. Robert Lurie, Chief Financial Officer, provided highlights of the financial report to the Board (Exhibit 6c i-A).

2017 Year-end Net Income

The budgeted year-end Net Income was \$77 million; preliminary year-end result for Net Income is \$117 million.

- Margins (Energy & Transmission)

Hydropower volume was greater than expected. This contributed to the majority of the \$54 million-dollar increase in the Authority's margins. In addition, the HTP outage had a significant effect on NYPA's transmission margins. The line was repaired and put back into service in November.

- Operating Expenses

NYPA's operating expenses were \$35 million below budget. Underspends due to, among other things, the deferral of planned outage work (\$11 million) and the deferral of maintenance projects at the power plants contributed to this result.

- Other Non-Operating Expenses

Other Non-operating expenses such as state programs, the North Country Power Discount program and the Nuclear Decommissioning Trust (\$8 million) contributed to underspend to the budget plan.

None of these variances were significant in terms of the percentage change; the variance in each of those categories was approximately five percent.

- Asset Write Down

The asset write-down is related to the replacement of equipment at the 500-MW Power Plant under a GE contract that NYPA entered into late last year.

The total net income of \$117 million is above the target of approximately \$80 million; the Debt service coverage ratio was also above target for the year. The outlook for 2018 is positive.

ii. **Utility Operations Report**

Mr. Joseph Kessler, Chief Operations Officer, provided an update of the Utility Operations' activities to the Trustees (Exhibit "6c ii-A").

Performance Measures - Year-End December 2017

Generation Market Readiness

- Generation Market Readiness factor was at 99.92%. This is below the target of 99.40%.

Transmission reliability

- Transmission reliability factor was 96.83%. This is above the target of 95.60%.

Environmental Incidents

- Year-to-date, there were 15 incidents. The Annual Target is not to exceed 32 incidents.

Safety

DART (Days Away, Restricted or Transferred) is the Authority's safety metrics.

- The year-to-date DART Rate is 1.08. The target is 0.78.

iii. **Procurement (Services) Contracts -
Transmission Life Extension and Modernization Program -
St. Lawrence Switchyard 2018 – 2021 Construction - Contract Award**

The President and Chief Executive Officer submitted the following report:

SUMMARY

The Trustees are requested to approve the award of a four-year contract in the amount of \$10,408,277 to O'Connell Electric Co. Inc., ('OCE') of Victor, NY for the St. Lawrence Switchyard 2018 - 2021 Construction Project, which is part of the Transmission Life Extension and Modernization Program.

BACKGROUND

Section 2879 of the Public Authorities Law and the Authority's Guidelines for Procurement Contracts require the Trustees' approval for construction contracts in excess of \$3,000,000. The Trustees' approval is also required for contracts with a term in excess of one year.

The Transmission Life Extension and Modernization Program ('TLEM Program') is a multiyear program that will upgrade the Authority's existing transmission system to maintain availability, increase reliability, and ensure regulatory compliance. The TLEM Program encompasses the Authority's transmission assets in the Central, Northern, and Western regions and has been divided into several projects.

The St. Lawrence Switchyard LEM Project includes replacement of 115kV and 230kV disconnect switches, wave traps, strain bus, surge arresters, instrument transformers in conjunction with the ongoing breaker and relay replacement project.

DISCUSSION

Bid documents were developed by staff and were accessible through an SAP ARIBA Event. The Request for Quotations was advertised in the New York State *Contract Reporter* and noticed on the Authority's Strategic Supply Management (Procurement) website. Three firms / entities were invited or requested to participate in the bidding process. One proposal was received electronically via ARIBA and was evaluated, as further set forth in the Award Recommendation documents.

OCE's proposal was evaluated based on prior experience on similar projects, technical qualification, proposed schedule, safety record, resources and capabilities, cost, and bid quality. Staff recommends the award of a contract to OCE which is technically and commercially qualified and meets the bid requirements.

FISCAL INFORMATION

Payment associated with this contract will be made from the Authority's Capital Fund.

RECOMMENDATION

The Senior Vice President – Operations Support Services, the Vice President – Project Management, the Vice President – Strategic Supply Management, and the Project Manager recommend that the Trustees approve the award of a four-year contract, in the amount of \$10,408,277 to O'Connell Electric Co. Inc. of Victor, NY, for the St. Lawrence Switchyard 2018 - 2021 Construction Project, which is part of the Transmission Life Extension and Modernization Program.

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

Mr. Joseph Kessler provided highlights of staff's recommendation to the Trustees.

Upon motion made by Vice Chairman Nicandri and seconded by Trustee McKibben, the following resolution, as submitted by the President and Chief Executive Officer, was unanimously adopted.

RESOLVED, That in accordance with the Guidelines for Procurement Contracts adopted by the Authority and the Authority's Expenditure Authorization Procedures, approval is hereby granted to award a four-year contract to O'Connell Electric Co. Inc., in the amount of \$10,408,277, to support the St. Lawrence Switchyard 2018 - 2021 Construction Project, which is part of the Transmission Life Extension and Modernization Program, as recommended in the foregoing report of the President and Chief Executive Officer;

<u>Contractor</u>	<u>Contract Approval</u>
O'Connell Electric Co. Inc., Victor, NY	<u>\$10,408,277</u>
Q17-6307JT	

AND BE IT FURTHER RESOLVED, That the Chairman, the Vice Chairman, the 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, 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 Executive Vice President and General Counsel.

iv. **Commercial Operations Report**

Mr. Keith Hayes, Vice President of Economic Development, provided an update of Commercial Operations' year-to-date activities to the Trustees (Exhibit "5c iv-A").

WHOLESALE

○ Customer usage

Customer usage for the reporting period is slightly below the forecast. This is as a result of demand-related variations due to weather, energy efficiency, and year-to-year usage variations.

○ Generation

Generation exceeded the target by 5 percent.

○ Fuel and Electric Prices

Fuel prices continue to be lower than anticipated. This is reflected in the electric prices, which are slightly below target.

CUSTOMER

Customer investments exceeded the target. This was driven mainly by the work of the business development team in 2017.

Net revenues were lightly below target. This was due mainly to timing issues related to collection of fees during construction versus the development phases of the energy efficiency projects.

Operating expenses are below budget.

v. Preservation Power Allocation -- TABLED

Mr. Keith Hayes provided highlights of staff's recommendation to the Trustees.

Following discussions regarding the proposed allocation, the Trustees agreed that staff's recommendation should be tabled pending further information from staff.

7. Informational Item:

a. New York State Energy Policy Goals

Ms. Daniella Piper, Vice President of Digital Transformation Office and Acting Chief of Staff provided highlights of the New York State Energy Policy Goals to the Trustees. She said that on January 3, in his State of the State address, Governor Andrew Cuomo laid out a series of priorities and initiatives for the state. She then provided an overview of the initiatives related to Energy as follows:

Background

In 2014, Reforming the Energy Vision (“REV”) was launched to establish a framework for clean, resilient and affordable energy system for all New Yorkers.

In 2016, the Clean energy Standard was established, which required 50 percent of New York’s electricity to come from renewable energy sources, such as wind and solar, by 2030.

The Governor also supported a ten-year, \$5 billion, Clean Energy Fund designed to leverage private sector investment, fuel clean energy markets, and deliver energy savings across the state.

Charge New York

Charge New York, launched in 2013, is now on track to meet its target of 30,000 to 40,000 Electric Vehicles in New York State by the end of 2018.

In order to make Zero Emission Vehicles (“ZEV”) more competitive with gas-powered automobile, the Governor launched Charge NY 2.0 in 2018 to drive the build-out of electric vehicles charging infrastructure and promote ZEV-capable roadways and destinations in New York.

Clean fuel corridors will be established so that by 2020 a ZEV travelling on New York’s interstate system can be recharged at a location convenient to the driver.

The state will also create an official designation for ZEV-ready businesses and communities.

Offshore Wind Generation

In 2016, the Governor made an announcement for an 800-megawatt increase in offshore wind generation and for the development of a comprehensive offshore wind Master Plan. The Master Plan was released on January 29, 2018 and will help to achieve NYPA’s target of 2.4 gigawatts of offshore wind power by 2030, in support of the Governor’s mandate of 50 percent electricity from renewables by 2030. Two solicitations for offshore wind power will be issued in 2018 and 2019, respectively.

The Governor is committing \$15 million to train the clean energy workforce of tomorrow and to develop infrastructure to support the growth of the offshore wind industry. He also tasked agencies with setting an efficiency target that will include a proposal for a new 2025 energy efficiency target through cost-effective implementation strategies and innovation approaches from both utilities and a clean energy fund. This will help to accelerate progress towards the state's climate and clean energy goals.

The Governor also announced an increase in energy storage of 1,500 megawatts by 2025; it is estimated that the increase will result in the employment of more than 30,000 New Yorkers. In 2013, the Governor led the regional greenhouse gas initiative that required states to reduce the cap on greenhouse gas emissions from power plants by 50 percent by 2020. The Governor further announced a reduction in greenhouse gases by 30 percent by 2030.

These initiatives will have an influence on NYPA's programs and policies.

In his state of the state address, the Governor also spoke about the digitalization of NYPA. NYPA is currently at the forefront of the transformation to a digital utility in the industry. NYPA will continue to work on the development of new technologies to deploy new monitoring systems for plans to make them more cost-effective, and to reduce its operational risks and operating costs.

8. Audit Committee Report

Chairman Nicandri reported that the Audit Committee met this morning and considered the candidacy of Ms. Angela Gonzalez as Senior Vice President of Internal Audit. He said the Boards have worked closely with Ms. Gonzalez over the last five months and she has led the department on an interim basis. The members have been impressed with her work during that period, and also the efforts of her staff to complete the 2017 Audit Plan, close-out open audit recommendations, and develop the 2018 Audit Plan. He said Ms. Gonzalez's hundred-day Audit Plan for the department as presented to the Committee earlier is sound. He ended by saying that, after careful consideration, the Audit Committee recommends the appointment of Ms. Angela Gonzalez as Senior Vice President of Internal Audit to the full Boards for adoption.

a. Appointment of Senior Vice President of Internal Audit

The President and Chief Executive Officer submitted the following report:

"SUMMARY

The Trustees and Directors are requested to consider the appointment of Angela Gonzalez as Senior Vice President of Internal Audit, with an annual salary of \$179,000, effective immediately, to hold such office until her successor is chosen and qualified or her earlier removal, resignation or death.

BACKGROUND AND DISCUSSION

The appointment of the Senior Vice President of Internal Audit is governed by Article IV of the Authority/Canal Corporation Bylaws, which provides that such officer shall be appointed by formal resolution adopted by the Trustees/Directors upon the recommendation of the Audit Committee. The Authority/Canal Corporation Audit Committee Charters further provides that the Committee will have authority over appointment, dismissal, compensation and performance reviews of the Senior Vice President of Internal Audit.

RECOMMENDATION

It is recommended by the Audit Committee that, pursuant to the Authority/Canal Corporation Bylaws, Angela Gonzalez be appointed as Senior Vice President of Internal Audit, with an annual salary of \$179,000, effective immediately, to hold such office until her successor is chosen and qualified or her earlier removal, resignation or death.

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

The Chair of the Audit Committee provided highlights of the committee's recommendation to the Boards.

Upon motion made by Vice Chairman Nicandri and seconded by Trustee Kress, the following resolution, as submitted by the Chair of the Audit Committee, was unanimously adopted.

RESOLVED, That pursuant to Article IV, of the Authority/Canal Corporation Bylaws, Angela Gonzalez is hereby appointed as Authority/Canal Corporation Senior Vice President of Internal Audit, with an annual salary of \$179,000, effective immediately, to hold office until her successor is chosen and qualified or her earlier removal, resignation or death.

9. **Next Meeting**

Chairman Koelmel said that the Annual meeting of the Boards would be held on March 20, 2018 **at the Clarence D. Rappleyea Building, White Plains, New York**, unless otherwise designated by the Chair with the concurrence of the Trustees.

Closing

Upon motion made by Trustee McKibben and seconded by Vice Chairman Nicandri, the meeting was adjourned at approximately 12:07 p.m.

Karen Delince

Karen Delince
Corporate Secretary

January 30, 2018

EXHIBITS

For

January 30, 2018

Regular Meeting

Minutes

Proc Awards Exh A

Procurement (Services) and Other Contracts – Awards
 (For Description of Contracts See "Discussion")

EXHIBIT "A"
January 30, 2018

<u>Plant Site</u>	<u>Company Contract #</u>	<u>Start of Contract</u>	<u>Description of Contract</u>	<u>Closing Date</u>	<u>Award Basis¹ Contract Type²</u>	<u>Compensation Limit</u>	<u>Amount Expended To Date</u>	<u>Expected Expenditures For Life Of Contract</u>
ENERGY SOLUTIONS - ENERGY EFFICIENCY	PRESIDIO NETWORKED SOLUTIONS GROUP, LLC Woburn, MA (Q17-6315TB; PO# TBA)	01/30/18 (on or about)	Provides for licensing and support for Cisco SmartNet Maintenance Services	12/31/22	B/S			\$2,274,716.33*

*Note: represents total for up to 5-year term
 with pricing based on Office of General Services NY
 State Contract PM20800

♦ **M / WBE:** New York State-certified Minority / Women-owned Business Enterprise (indicated by the ♦ symbol after the Company Name)
 1 **Award Basis:** B= Competitive Bid; S= Sole Source; Si= Single Source; C= Competitive Search
 2 **Contract Type:** P= Personal Service; S= (Non-Personal) Service; C= Construction; E= Equipment; N= Non-Procurement; A= Architectural & Engineering Service; L= Legal Service

Procurement (Services) Contracts – Extensions and/or Additional Funding
(For Description of Contracts See "Discussion")

EXHIBIT "B"
January 30, 2018

<u>Plant Site/ Bus. Unit</u>	<u>Company Contract #</u>	<u>Start of Contract</u>	<u>Description of Contract</u>	<u>Closing Date</u>	<u>Award Basis¹ Contract Type²</u>	<u>Compensation Limit</u>	<u>Amount Expended To Date</u>	<u>Authorized Expenditures For Life Of Contract</u>
STRATEGY	3 extensions: 1. ENERGY AND ENVIRONMENTAL ECONOMICS, INC. San Francisco, CA 4500280389 2. GREENTECH MEDIA, INC. Boston, MA 4500280390 3. VRINDA, INC. ♦ New York, NY 4500280387	01/03/17	Provide for services associated with the Distribution Utility of the Future Project (known as Project EDGE)	01/02/20	C/P	\$975,000*	\$358,290	\$1,333,290**
						*Note 1: represents aggregate value increase associated with two-year extension request **Note 2: represents total aggregate contract value requested		
ENERGY SOLUTIONS - CUSTOMER BUSINESS DEVELOPMENT	ALLIANCE FOR SUSTAINABLE ENERGY, LLC Golden, CO 4500275929	08/18/16	Provide for services and advisory assistance for the on-going development of solicitation and contract documents for NYPA solar projects, programs and advisory services	08/17/19	S/P	\$250,000*	\$200,000	\$200,000**
						*Note 1: Total cost limit per Technical Service Agreement TSA-16-864 signed by both parties; also limits term to three years **Note 2: Represents total contract value, no additional funds requested		
INFORMATION TECHNOLOGY – PROJECT MANAGEMENT	GP STRATEGIES CORPORATION Atlanta, GA 4500284535	01/01/17	Provide for professional services related to the upgrade of NYPA's EtaPRO server and client software	06/30/18	B/S		\$28,000	\$113,000*
						*Note 2: Represents total contract value, no additional funds requested		

♦ M / WBE: New York State-certified Minority / Women-owned Business Enterprise (indicated by the ♦ symbol after the Company Name)
1 Award Basis: B= Competitive Bid; C= Competitive Search; S= Sole Source; Si = Single Source
2 Contract Type: P= Personal Service; S= (Non-Personal) Service; C= Construction; E= Equipment; N= Non-Procurement; L= Legal Service



Exhibit 6a i-A
January 30, 2018

CEO Report

Gil Quiniones

President & Chief Executive Officer










January 30, 2018

2017 Year-end Themes




- ✓ NYPA Overall Performance
- ✓ Innovation
- ✓ Customer Solutions
- ✓ Stewardship
- ✓ Sustainability & Environmental Justice
- ✓ Industry Leadership

NYPA Overall Performance

December 2017

Goal	Measure	Year-To-Date 2017		
		Status	Target	Actual
Maintain Infrastructure	Generation Market Readiness (%)		99.40	99.92
	Transmission System Reliability (%)		95.60	96.83
Financial Management	Debt Coverage (Ratio) Preliminary		2.50	5.31
	O&M Budget Performance (\$ Millions) Preliminary		503.4	476.7
Energy Services	MMBTU's Saved		480.5	490.1
	Energy Efficiency Investment in State Facilities (\$ Millions)		98.4	197.1
Workforce Management	Retention (# of Touchpoints)		1,225*	1,735
Safety Leadership	DART Rate (Index)		0.78	1.08
Environmental Responsibility	Environmental Incidents (Units)		32	15

Corporate Performance

Status	
	Meeting or Exceeding Target
	Below Target
	Significantly Below Target

* Quarterly measure

Innovation

Strategic Plan Update



Digitization



Customer Solutions

Renewables



Large-scale renewables

- Target – 400MW
- wind, solar, biomass, hydro

Efficiency



Projects - \$252 M



Customer Value



Advanced Metering



THE PORT AUTHORITY OF NY & NJ

NYEM

- + 7500 buildings

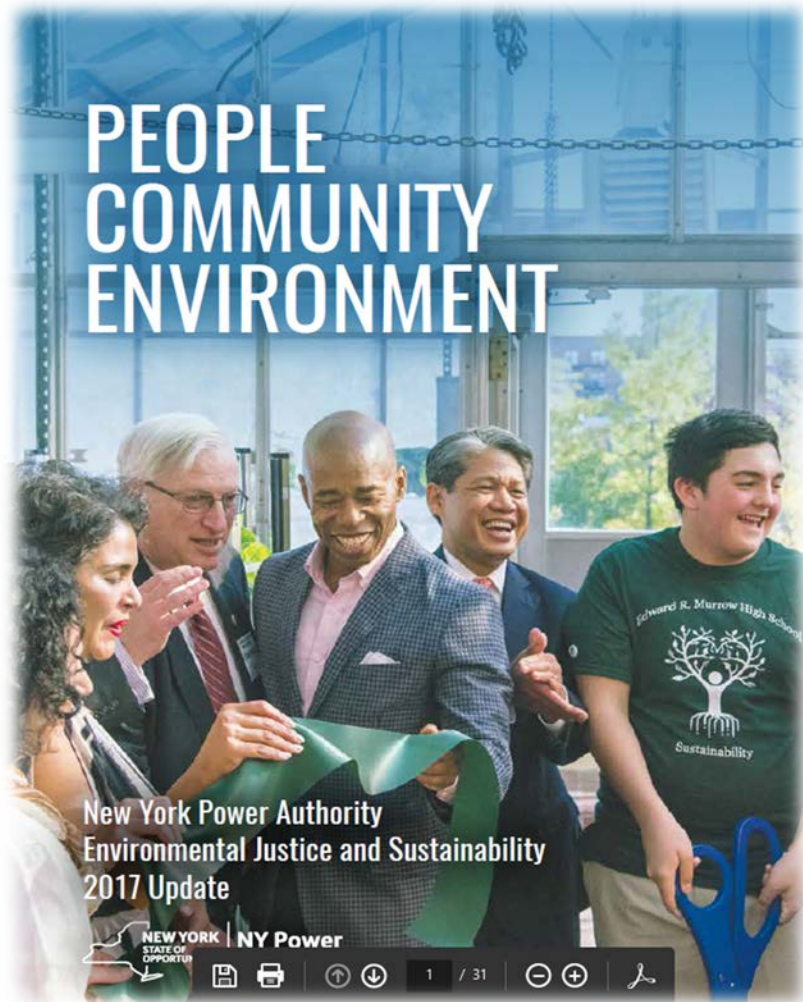
Stewardship

- ✓ Safety
- ✓ Physical & Cyber Security
- ✓ Reliability
- ✓ Compliance
- ✓ Organizational Development



20
1817-2017 YEARS
NEW YORK STATE
CANALS

Sustainability & Environmental Justice



- ✓ **NYPA STEM Curriculum**
 - Students camps
 - Curriculum support - 6 NYC schools
- ✓ **Energy Education & Weatherization Workshops**
- ✓ **Energy Services Projects for seniors and public housing residents in Massena**
- ✓ **Carbon Footprint Program**
 - LED lighting upgrades
 - Building analytics to track and manage energy performance
 - Expansion of workplace charging program

Industry Leadership



Puerto Rico

- Mutual Aid
- Technical Support - *Build Back Better: Reimagining the Power Grid of Puerto Rico*
- Advisor - Transformation Advisory Committee



**NY Power
Authority**

**Canal
Corporation**



**NY Power
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Corporation**

NYPA | NYCC Risk Management

Soubhagya Parija

Chief Risk Officer, Senior Vice President

Establishing a Robust Risk Culture

2017

Internal Advancements

- eGRC Framework
- ECRM System
- Operational Risk Assessment

External Involvement and Benchmarking

- LPPC Annual Meeting
- CCRO and RIMS
- Enhanced Insurance Programs

Improved Resiliency

- Implemented Business Resiliency Framework
- Update NYPA and Canals BCPs

2018

Innovation

- Business Resiliency Stress Testing

Customer Success

- Managing assets on a portfolio basis
- Develop management services framework

Cost Leadership

- Implement eGRC framework
- Continue to reimagine Insurance function

- Informed and transparent decision making based on risk/reward tradeoffs
- Encourage appropriate risk taking and a fail fast philosophy
- Integrated Risk Management across NYPA and Canals
- Robust Analytics



**NY Power
Authority**

**Canal
Corporation**



Exhibit 6c i-A
January 30, 2018

CFO Report

Robert Lurie
Chief Financial Officer

January 30, 2018

Preliminary 2017 Year End Results

\$ stated in millions

Budgeted YE Net Income		\$77	2017 Total	% of Total
Margins (Energy & Transmission)	\$54		\$1,178	5%
Operating Expenses	\$35		\$714	5%
Other Non-Operating	\$24		\$386	6%
Asset Write Down	-\$73		\$5,471	1%
Preliminary YE Net Income		\$117		

Preliminary amounts subject to adjustment based on the true-up of estimated sales and accruals.



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Corporation**

Exhibit 6c ii-A
January 30, 2018

Utility Operations Report

Joseph Kessler

Executive Vice President & Chief Operating Officer

January 30, 2018

Performance Measures – Year End December 2017

Utility Operations



Generation Market Readiness

99.92% vs 99.40%

(YTD actual vs target)



Transmission Reliability

96.83% vs 95.60%

(YTD actual vs target)

NYPA Overall



Environmental Incidents

15 vs 32

(YTD actual vs target)



Dart Rate

1.08 vs 0.78

(YTD actual vs target)

TLEM: STL Switchyard Construction Contract Award

Background

- Construction contract award to O'Connell Electric for construction associated with the St. Lawrence Switchyard as part of the TLEM Program

Highlights

- Scope includes replacement of:
 - 115kV Breakers
 - 115kV Disconnect Switches
 - Strain Bus
 - Wave Traps and Surge Arresters
- Schedule: 2018-2021

Requested Trustee Action

- Approve four-year, \$10.4 million construction contract award to O'Connell Electric





**NY Power
Authority**

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Corporation**

Exhibit 6c iv-A
January 30, 2018



Commercial Operations Report



Keith T. Hayes

Vice President, Economic Development

January 30, 2018

Commercial Ops: Wholesale

	Year End - 2017		
<i>in twh</i>	Actual	Budget	
Customer Usage			
	24.8	26.5	
			6%
<i>in twh</i>			
Generation			
	29.9	28.5	
			5%

	Year End - 2017		
<i>in \$/mwh</i>	Actual	Budget	
Electric Prices			
	\$ 43.23	\$ 44.40	
			3%
<i>in \$/mmbtu</i>			
Fuel Prices <i>(unit cost of fuel)</i>			
	\$ 3.34	\$ 4.24	
			21%

Commercial Ops: Customer

Year End - 2017

<i>in \$ millions</i>	Actual	Budget	
Customer Investments	286.1	207	<div>38%</div>
Net NYPA Revenues	18.6	20.7	<div>10%</div>
<i>in \$ millions</i>			
Operating Expenses	38.0	31.0	<div>23%</div>



Energy Efficiency upgrades at Rockland Psychiatric Center