

# MINUTES OF THE REGULAR MEETING OF THE NEW YORK STATE CANAL CORPORATION

# December 12, 2017

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Minutes of the Regular Meeting of the New York State Canal Corporation held at the Clarence D. Rappleyea Building, 123 Main Street, White Plains, New York at approximately 9:50 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 - Excused Anthony J. Picente, Jr., Trustee - Excused

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Gil Quiniones President and Chief Executive Officer

Justin Driscoll Executive Vice President and General Counsel

Jill Anderson Executive Vice President and Chief Commercial Officer
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
Parija Soubhagya Senior Vice President and Chief Risk Officer
Kimberly Harriman Senior Vice President – Public & Regulatory Affairs

Kristine Pizzo Senior Vice President – Human Resources

Bradford Van Auken Senior Vice President – Operations Support Services & Chief Engineer

Karen Delince Vice President and Corporate Secretary

Richard Allen Vice President - Project and Business Development

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

Joseph Leary Vice President – Community & Government Relations

Patricia Lombardi Vice President – Project Management

Anne Reasoner Vice President – Budget and Business Controls Ethan Riegelhaupt Vice President – Corporate Communications

Scott Tetenman Vice President – Finance
Thomas Concadoro Vice President and Controller

Daniella Piper Chief of Staff

Kenneth Carnes Chief Information Security Officer – Cyber Security

Christopher Carey Operations Superintendent

Genevieve Fabela Treasurer

Brian Goebel Director - Waterway Management - Canal

Susan Craig Director – Media Relations

Marie Benninger Director – Business Development

Javier Bucobo Principal Attorney – Contracts, Licensing & Environmental

Eric Alemany Program Manager – Energy Efficiency
Lorna Johnson Senior Associate Corporate Secretary
Sheila Quatrocci Senior Assistant Corporate Secretary
Matthew Lichtash Strategy and Executive Office Specialist
Jaiah Gottor Manager – Network Services – Infrastructure

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 and said Trustees McKibben and Picente were excused from attending the meeting. He continued 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.

Chairman Koelmel said that the Governance, Audit and Finance committees met earlier and the respective Chairs of those committees would provide a report later in the meeting. In addition, yesterday the members were actively engaged in the ribbon cutting and launch of the Authority's new integrated Smart Operations Center ("iSOC") on the eight floor of the building.

# 1. Adoption of the December 12, 2017 Proposed Meeting Agenda

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

# **Conflicts of Interest**

Trustee Kress declared conflicts of interest as indicated below and said she would not participate in the discussions or votes as they relate to those matters.

- The Research Foundation for SUNY at Binghamton (Item #4b i)
- LaBella Associates; Bergmann Associates (Item #4b vii)

Chairman Koelmel, Vice Chairman Nicandri and Trustees Balboni and Trainor declared no conflicts of interest.

# 2. <u>Motion to Conduct an Executive Session</u>

Mr. Chairman, I move that the Board conduct an executive session to discuss the financial and credit history of a particular corporation (pursuant to §105 of the Public Officers Law). Upon motion made by Vice Chairman Nicandri and seconded by Trustee Kress, the members held an executive session.

# 3. <u>Motion to Resume Meeting in Open Session</u>

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

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

# 4. CONSENT AGENDA:

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

# a. Governance Matters

i. Minutes of the Regular Meeting of the New York State Canal Corporation Board of Directors' Meeting held on September 26, 2017

The Minutes of the Regular Meeting held on September 26, 2017 were unanimously adopted.

# ii. Proposed 2018 Schedule of Meetings

The Vice President and Corporate Secretary submitted the following report:

"The following schedule of meetings for the year 2018 is recommended:

Date	Committee Meetings	NYPA/Canal Board Meetings	Holidays
January 30,		NYPA/Canal	Jan 1 – New
2018		(WPO)	Years
		, ,	Jan 15 - MLK
March 20,	Governance	NYPA/Canal	March 30 -
2018	Audit	(WPO)	Good Friday &
			Passover
			begins
May 22,		NYPA/Canal	May 21 –
2018		(Videoconference)	Shavuot
			May 28 –
			Memorial Day
July 31, 2018	Governance	NYPA/Canal	July 4 –
		(WPO)	Independence
			Day
September	Audit	NYPA/Canal	Sept 3 – Labor
27, 2018		(WPO)	Day
			Sept 10-11 -
			Rosh Hashanah
			Sept 19 – Yom
			Kippur
			Sept 24-25 -
			Sukkot
December		Board Training	Dec 3 – 10 –
10, 2018		(WPO)	Hanukkah
December	Audit	NYPA/Canal	Dec 25 -
11, 2018		(WPO)	Christmas

# **RECOMMENDATION**

The President and Chief Executive Officer and I support the proposed 2018 meeting schedule as set forth in the foregoing report.

I recommend the approval of the above-requested action by adoption of the resolution below."

The following resolution, as submitted by the Vice President and Corporate Secretary, was unanimously adopted by the Board of Directors.

RESOLVED, That the 2018 meeting schedule, as set forth in the foregoing report of the Vice President and Corporate Secretary, be, and hereby is, approved.

# iii. Committee Appointments

The Chairman submitted the following report:

#### "SUMMARY

The Authority's Board of Trustees and the Canal Corporation's Board of Directors are requested to adopt the committee appointments as indicated below. These appointments were reviewed by the Governance Committee at its December 12, 2017 meeting.

# BACKGROUND and DISCUSSION

The following changes in committee composition are recommended in order to achieve an even distribution of assignments for each member. (Change indicated in **bold**.)

# **Audit Committee**

Eugene L. Nicandri (Chair), John R. Koelmel, Anne Kress, Anthony J. Picente, Jr., Tracy B. McKibben

# Finance Committee

Tracy B. McKibben (Chair), John R. Koelmel, Anne M. Kress, Anthony J. Picente, Jr., **Michael A. L. Balboni** 

#### Governance Committee

Anne M. Kress (Chair), John R. Koelmel, Eugene L. Nicandri, Anthony J. Picente, Jr., **Dennis G. Trainor** 

# **Cyber and Physical Security Committee**

Michael A.L. Balboni (Chair), John R. Koelmel, Eugene L. Nicandri, Tracy B. McKibben, Dennis G. Trainor

# **RECOMMENDATION**

I recommend the approval of the above-requested action by adoption of the resolution below."

The following resolution, as submitted by the Chairman, was unanimously adopted.

RESOLVED, That the members of the Audit Committee shall be: Eugene L. Nicandri (Chair), John R. Koelmel, Anne Kress, Anthony J. Picente, Jr., Tracy B. McKibben; and be it further

RESOLVED, That the members of the Finance Committee shall be: Tracy B. McKibben (Chair), John R. Koelmel, Anne M. Kress, Anthony J. Picente, Jr., Michael A. L. Balboni; and be it further

RESOLVED, That the members of the Governance Committee shall be: Anne M. Kress (Chair), John R. Koelmel, Eugene L. Nicandri, Anthony J. Picente, Jr., Dennis G. Trainor; and be it further

RESOLVED, That the members of the Cyber and Physical Security Committee shall be: Michael A.L. Balboni (Chair), John R. Koelmel, Eugene L. Nicandri, Tracy B. McKibben, Dennis G. Trainor; and be it further

# iv. Adoption of Cyber and Physical Security Committee Charter

The President and Chief Executive Officer submitted the following report:

#### "SUMMARY

The Authority's Board of Trustees and the Canal Corporation's Board of Directors are requested to review and adopt the Cyber and Physical Security Committee Charter (Exhibit '4a iv-A').

# BACKGROUND & DISCUSSION

The purpose of this new Board of Trustees and Board of Directors ('Board') Committee is to provide guidance and serve as a resource to the Board and management in the development and monitoring of the Authority's physical and cyber security management processes, with emphasis on its cyber and physical security policies, its long-term objectives, direction and strategy; and perform such other responsibilities as the Trustees shall assign to it.

The specific responsibilities of the Cyber and Physical Policy Committee include:

- Providing guidance and serving as a resource to the Board and management in the development of the Authority's cyber and physical security policies and its long-term objectives, direction and strategy;
- Advising the Board and other Board committees on physical and cyber security matters and keep the Board and committees informed of current best security practices;
- Engaging with the Authority's management on alignment of security strategy and business objectives, company policies, organizational security initiatives, and reviewing compliance with physical security and information technology laws and regulations; and
- Making recommendations to promote sound planning by the Authority to protect its physical assets, cyber systems and information.

The Cyber and Physical Security Committee Charter is attached as Exhibit "4a iv-A."

The General Counsel and I recommend that the Trustees and Board of Directors approve the Cyber and Physical Security Committee Charter.

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 the Cyber and Physical Security Charter be adopted in the form proposed in Exhibit "4a iv-A;" and be it further

# b. Procurement (Services) Contracts

i. Procurement (Services) Contract - Cultural Resource Professional Services - Contract Award

The President and Chief Executive Officer submitted the following report:

# "SUMMARY

The Board of Directors ('Board') is requested to approve the award of three-year contracts for the Cultural Resources Professional Services in the aggregate not-to-exceed overall contract amount of \$1,000,000 to nine technically qualified firms:

- The Research Foundation for SUNY at Binghamton, Binghamton, NY (SUNY)
- Landmark Archaeology, Inc., Altamont, NY (Landmark)
- Archaeology & Historic Resources Services, LLC, Rock Tavern, NY (AHR)
- RGA, Inc., Cranbury, NJ (RGA)
- Hartgen Archeological Associates, Inc., Rensselaer, NY (Hartgen)
- TetraTech, Buffalo, NY (TetraTech)
- Environmental Design & Research, Landscape Architecture, Engineering & Environmental Services, D.P.C., Syracuse, NY (EDR)
- AECOM Technical Services, Inc., Burlington, NJ (AECOM)
- Louis Berger US, Inc., Albany, NY (Louis Berger)

In accordance with the Canal Corporation's Expenditure Authorization Procedure, the award of personal services contracts in excess of \$500,000 or for a period of more than one year, or both, require the approval of the Board.

# **BACKGROUND**

The purpose of this request is to establish on-call contracts with qualified consultants for assisting Canal Corporation, on an as-needed basis, by conducting cultural resource surveys and evaluations as required by federal, New York State, and/or local statutory mandates. These on-call contracts will facilitate the timely assignment of projects to cultural resource consultants whose services will be determined by the consultants' areas of expertise, proximity to the field site, and/or experience in dealing with the NYS SHPO, federal, and other New York State and local government agencies (i.e., Albany Historic Resources Commission, or other Certified Local Government ['CLG']) in order to help expedite the processing of projects and meet the requirements of Section 106, New York's Section 14.09 and State Environmental Quality Review Act ('SEQRA') regulations, and/or local preservation regulations.

The services will include, but are not limited to:

- 1) The implementation of various field and office investigations related to the potential effect of Canal Corporation's activities on historic resources (e.g., reconnaissance surveys; Determination of Effects reports; Phase 1A, 1B, 2, and/or 3 studies; End-of Fieldwork letters, etc.);
- 2) Historic American Building Survey ('HABS')/Historic American Engineering Record ('HAER')/Historic American Landscape Survey ('HALS')/Cultural Resources Geographic Information Systems ('CRGIS') documentation of historic resources to be altered or demolished:
- 3) Monitoring of existing historic resources to assess the potential effects of project operations, construction, erosion, motorized vehicle traffic, and/or vandalism;
- 4) Support of Canal Corporation in responding to unanticipated discoveries of human remains and archeological resources;

- 5) The preparation of nomination documents for resources that may be eligible for listing in the National Register of Historic Places; and
- Development of a Historic Properties Management Plan ('HPMP'), including consultation with parties the Canal Corporation relies on for permits (e.g., USACE, NYSDEC, SHPO, etc.)

#### DISCUSSION

Bid inquiry K17-10255806SN Request for Proposals ('RFP') for Cultural Resources Professionals was noticed in the New York State *Contract Reporter* and posted to the Canal Corporation's Procurement website on June 27, 2017. On July 20, 2017 ten proposals were received.

A complete bid review and analysis was performed to identify qualified vendors to support the Canal Corporation's projects and supply expertise necessary to satisfy state and federal regulations.

The selected bidders each displayed understanding of the required services and provided information to support their depth of experience and qualifications.

The nine firms selected will be awarded value contracts for a three-year term, with the possibility of two, one-year extensions. Individual tasks will be assigned by issuance of a Purchase Order Release ('POR') against the established values contracts after a mini-bid among the firms.

# FISCAL INFORMATION

Services under these contracts will be provided on an as-needed basis and/or availability. Payments associated with this project will be made from the Canal Corporation's Capital or Operating Fund, as appropriate.

#### RECOMMENDATION

The Deputy Director of Engineering and Maintenance recommends that the Board approve the award of three-year contracts for Cultural Resources Professionals in the aggregate not-to-exceed amount of \$1,000,000 to the nine technically qualified firms: The Research Foundation for SUNY at Binghamton, Landmark Archaeology, Inc., Archaeology & Historic Resources Services, LLC, RGA, Inc., Hartgen Archaeological Associates, Inc., TetraTech, Environmental Design & Research, Landscape Architecture, Engineering & Environmental Services, D.P.C., AECOM Technical Services, Inc. and Louis Berger US, Inc.

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 adopted with Trustee Kress excused from the vote as it relates to The Research Foundation for SUNY at Binghamton.

RESOLVED, That pursuant to the Canal Corporation's Expenditure Authorization Procedures, approval is hereby granted to award a three-year Contract, with the possibility of two, one-year extensions, for the aggregate total of \$1,000,000 to: The Research Foundation for SUNY at Binghamton ("SUNY"), Landmark Archaeology, Inc. ("Landmark"), Archaeology & Historic Resources Services, LLC, ("AHR"), RGA, Inc. ("RGA"), Hartgen Archeological Associates, Inc. ("Hartgen"), TetraTech, ("TetraTech"), Environmental

Design & Research, Landscape Architecture, Engineering & Environmental Services, D.P.C. ("EDR"), AECOM Technical Services, Inc. ("AECOM"), Louis Berger US, Inc. ("Louis Berger") as recommended in the foregoing report of the President and Chief Executive Officer;

<u>Contractor</u>	<u>Location</u>	\$1,000,000 aggregate
SUNY	Binghamton, NY	
Landmark	Altamont, NY	
AHR	Rock Tavern, NY	
RGA	Cranbury, NJ	
Hartgen	Rensselaer, NY	
TetraTech	Buffalo, NY	
EDR	Syracuse, NY	
AECOM	Burlington, NJ	
Louis Berger	Albany, NY	

# K17-10255806SN

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 Canal Corporation are, and each of them hereby is, authorized on behalf of the Canal Corporation to do any and all things, take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel; and be it further

# ii. Procurement (Services) Contract - Emergency Spill Response and Recovery Services - Contract Award

The President and Chief Executive Officer submitted the following report:

# "SUMMARY

The Board of Directors ('Board') is requested to approve the award of three-year contracts for the Cultural Resources Professional Services in the aggregate not-to-exceed amount of \$3,000,000 to two technically qualified firms:

- Clean Harbors Environmental Services, Inc., Norwell, MA;
- NRC NY Environmental Services, Inc., Syracuse, NY

In accordance with the Canal Corporation's ('Corporation') Expenditure Authorization Procedures, the award of Personal Services contracts in excess of \$500,000 or for a period of more than one year, or both, require the approval of the Board.

# BACKGROUND

The Corporation seeks to retain contractors to provide both emergency response services and disposal services for oil spill incidents. The term of the contract shall be three years with an option for two additional years. Facilities that may require services are the canal system (Erie, Oswego, Cayuga & Seneca, and Champlain canals) locks, maintenance and support facilities.

Emergency response services would include containment, cleanup, and recovery of hazardous substances or petroleum such as No. 6 fuel oil, No. 2 fuel oil, kerosene, lubricating oils, hydraulic fluids, and dielectric fluids. Disposal services would include the removal of spilled hazardous substances or petroleum, contaminated environmental media, absorbents and debris and the subsequent transportation of them to the disposal facilities.

# DISCUSSION

Bid inquiry K17-10255408SN Request for Proposals ('RFP') for Emergency Spill Response and Recovery Services was noticed in the New York State *Contract Reporter* and posted to the Canal Corporation's Procurement website on August 25, 2017. On September 19, 2017 three proposals were received.

A complete bid review and analysis was performed to identify qualified vendors to support the Canal Corporation's projects and supply expertise necessary to satisfy state and federal regulations.

The selected vendors each displayed understanding of the required services and provided information to support their depth of experience and qualifications.

The two firms selected will be awarded Value Contracts for a three-year term, with the possibility of two, one-year extensions. Individual tasks will be assigned by issuance of a Purchase Order Release ('POR') against the established values contracts after a mini-bid among the firms.

# FISCAL INFORMATION

Services under these contracts will be provided on an 'as-needed' basis and/or availability. Payments associated with this project will be made from the Canal Corporation's Capital or Operating Fund, as appropriate.

# **RECOMMENDATION**

The Deputy Director of Engineering and Maintenance recommends that the Board of Directors approve awards of three-year contracts for Cultural Resources Professionals in the aggregate not-to-exceed amount of \$3,000,000 to the two technically qualified firms: Clean Harbors Environmental Services, Inc. and NRC NY Environmental Services, Inc.

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 Canal Corporation's Expenditure Authorization Procedures, approval is hereby granted to award a three-year Contract, with the possibility of two, one-year extensions, for the aggregate total amount of \$3,000,000 to Clean Harbors Environmental Services, Inc. ("Clean Harbors") and NRC NY Environmental Services, Inc. ("NRC"), respectively, as recommended in the foregoing report of the President and Chief Executive Officer;

<u>Contractor</u> <u>Location</u> <u>\$3,000,000</u> aggregate

Clean Harbors Norwell, MA

NRC Syracuse, NY

K17-10255408SN

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 Canal Corporation are, and each of them hereby is, authorized on behalf of the Canal Corporation to do any and all things, take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel; and be it further

# iii. Procurement (Services) Contract Earthquake Warning System - Contract Award

The President and Chief Executive Officer submitted the following report:

# "SUMMARY

The Board of Directors ('Board') is requested approve the award of a two-year contract for the hosting of an Earthquake Warning System ('EWS'), with Information Technology ('IT') maintenance and support included, in the total amount of \$190,427.64 on a single-source basis to Gomez and Sullivan Engineers, DPC, Utica, NY

In accordance with the Canal Corporation's Procurement Guidelines and Expenditure Authorization Procedures, the award of Contracts and/or Purchase Order Releases exceeding \$500,000 in value or a contract term of more than one year, require the approval of the Board.

# BACKGROUND

Pursuant to Part TT of Chapter 54 of the Laws of 2016 ('Part TT'), the New York State Canal Corporation ('Canal Corporation'), a New York State Thruway Authority ('Thruway Authority') subsidiary, will be continued and reconstituted as a subsidiary corporation of the New York Power Authority ('NYPA'), and certain powers, duties and obligations relating to the New York State Canal System will be transferred from the Thruway Authority to NYPA, as provided for in Part TT (collectively, the 'Canal Transfer').

# DISCUSSION

Commensurate with Canal Corporation's responsibility under the Law, this contract would extend the EWS hosting and maintenance service for two years, providing continuity and reliability for the application's support, and allowing all NYPA and Canal Corporation contracts with Gomez and Sullivan, DPC to co-terminate. Gomez and Sullivan Engineers, DPC supports the EWS and Geographical Information System ('GIS') for NYPA and the Canal Corporation. The EWS has GIS components that are integral to its operation. Consequently, Gomez and Sullivan, DPC staff has deep knowledge and experience of the GIS and the EWS at NYPA and the Canal Corporation, making them uniquely qualified to provide hosting and maintenance services.

# **FISCAL INFORMATION**

Expenditures for the identified application will be paid from the Canal Corporation's Operating Fund, as appropriate.

# **RECOMMENDATION**

The Deputy Director of Engineering, Construction and Maintenance recommends that the Board of Directors approve the award of a two-year, single-source contract to Gomez and Sullivan Engineers, DPC in the amount of \$190,427.64 to host and provide Information Technology ('IT') support and maintenance for the Earthquake Warning System application.

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 Canal Corporation's Expenditure Procurement Guidelines and Expenditure Authorization Procedures, Approval is hereby granted to award a two-year, single-source Contract for the total of \$190,427.64 to Gomez and Sullivan Engineers, DPC for the hosting and provision of an Earthquake Warning System, including system maintenance and support as recommended in the foregoing report of the President and Chief Executive Officer;

Contractor	<u>Location</u>	Contract Award	
Gomez and Sullivan	Utica, NY	\$190,427.64	

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 Canal Corporation are, and each of them hereby is, authorized on behalf of the Canal Corporation to do any and all things, take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel; and be it further

# iv. Procurement (Services) Contract - On Demand Infrastructure Repairs and Marine Vessel Recovery – Eastern Canal Area - Contract Award

The President and Chief Executive Officer submitted the following report:

# "SUMMARY

The Board of Directors ('Board') is requested to approve the award of a two-year contract for On-Demand Infrastructure Repairs and Marine Vessel Recovery – Eastern Canal Area services in the total amount of \$1,752,500.00 to the lowest qualified bidder, Tioga Construction Co., Inc., Herkimer, NY.

In accordance with the Canal Corporation's Procurement Guidelines and Expenditure Authorization Procedures, the award of Contracts and/or Purchase Order Releases exceeding \$500,000 in value or a contract term for more than one year, require the approval of the Board.

# BACKGROUND

The current On-Demand Infrastructure Repairs and Marine Vessel Recovery Contract was awarded on a Statewide basis, with one Contractor performing the work as directed by the New York State Canal Corporation ('Canal Corporation') on an emergency 'as needed' basis throughout the entire New York State Canal System ('Canal System') area. The Canal Corporation will award three contracts for On-Demand Infrastructure Repairs, one for the central, eastern and western service areas. For this contract award, the eastern canal area is generally intended to be anywhere on the Champlain, and within portions of the Erie Canal Systems (Lock E2 to Lock E16). Counties where emergency work may be required include Albany, Clinton, Essex, Montgomery, Rensselaer, Saratoga, Schenectady, Warren and Washington.

This contract in the eastern canal area of the Canal System will allow for On-Demand emergency repairs to canal infrastructure components, emergency recovery of marine vessels and any associated environmental response. This will protect the public interest and safety, avoid prolonged interruptions to navigation, as well as allow the Canal System to maintain operations and functionality.

This contract to provide the emergency On-Demand infrastructure repair and/or marine vessel recovery/response services will be for a two-year period which is anticipated to begin on January 1, 2018 and terminate on December 31, 2019.

# **DISCUSSION**

Bid inquiry K17-10255807SN Request for Proposal ('RFP') for On-Demand Infrastructure Repairs and Marine Vessel Recovery Contract – Eastern Canal Area services was noticed in the New York State *Contract Reporter* and posted to the Canal Corporation's Procurement website on September 1, 2017. On September 26, 2017 four proposals were received and publicly opened and read.

A complete bid review and analysis was performed to determine the lowest qualified bidder which could supply the requested emergency infrastructure repair and marine vessel recovery/environmental response services. The review committee also reviewed and made consideration to the required Mandatory Response Review submission for each bidder.

The lowest qualified bidder, Tioga Construction Co., Inc., displayed an understanding of the required services and emergency response times requested, and provided the requested Mandatory Response Review information to support the company's depth of experience and qualifications. Tioga Construction Co., Inc. is presently the contractor for the Statewide On-Demand Infrastructure Repairs and Marine Vessel Recovery Contract which will expire on December 31, 2017.

The lowest qualified bidder selected will be awarded the On-Demand Contract for a two-year term. Emergency Infrastructure Repairs and Marine Vessel Recovery events will be identified by the Canal Corporation or its designated representative(s). Once an emergency event is identified, the Canal Corporation will schedule an on-site meeting to determine the extent of manpower, equipment and material resources to be employed by the Contractor for the repair/recovery event. A response and repair/recovery schedule will be directed by the Canal Corporation prior to commencement of the work.

#### FISCAL INFORMATION

Construction Services under this contract will be provided on an emergency 'as-needed' basis. Expenditures for identified and directed emergency infrastructure repairs will be paid from the Canal Corporation's Capital Fund. Expenditures for identified and directed emergency marine vessel recovery/response work will be paid from the Canal Corporation's Operating Fund.

# RECOMMENDATION

The Deputy Director of Engineering and Maintenance recommends that the Board of Directors approve the award of a two-year contract for On-Demand Infrastructure Repairs and Marine Vessel Recovery Contract – Eastern Canal Area in the total amount of \$1,752,500.00 to the lowest qualified bidder, Tioga Construction Co., Inc.

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 Canal Corporation's Procurement Guidelines and Expenditure Authorization Procedures, approval is hereby granted to award a two-year Contract for the total amount of \$1,752,500.00 to Tioga Construction Co., Inc. for the On-Demand Infrastructure Repairs and Marine Vessel Recovery Contract – Eastern Canal Area, as recommended in the foregoing report of the President and Chief Executive Officer;

Contractor	<u>Location</u>	Contract Award
Tioga Construction Co., Inc.	Herkimer, NY	<u>\$1,752,500.00</u>

# K17-10255807SN

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 Canal Corporation are, and each of them hereby is, authorized on behalf of the Canal Corporation to do any and all things, take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel; and be it further

v. Procurement (Services) Contract - On Demand Repairs and Marine Vessel Recovery – Central Canal Area - Contract Award

The President and Chief Executive Officer submitted the following report:

# "SUMMARY

The Board of Directors ('Board') is requested to approve the award of a two-year contract for On-Demand Infrastructure Repairs and Marine Vessel Recovery – Central Canal Area services in the total amount of \$2,611,600.00 to the lowest qualified bidder, Tioga Construction Co., Inc., Herkimer, NY

In accordance with the Canal Corporation's Procurement Guidelines and Expenditure Authorization Procedures, the award of Contracts and/or Purchase Order Releases exceeding \$500,000 in value or a contract term for more than one year, require the approval of the Board.

# BACKGROUND

The current On-Demand Infrastructure Repairs and Marine Vessel Recovery Contract was awarded on a Statewide basis, with one Contractor performing the work as directed by the New York State Canal Corporation ('Canal Corporation') on an emergency 'as needed' basis throughout the entire New York State Canal System ('Canal System'). The Canal Corporation will award three contracts for On-Demand Infrastructure Repairs for the central, eastern and western service areas. For this contract award, the central canal area is generally intended to be anywhere on the Cayuga-Seneca, and within portions of the Erie and Oswego Canal Systems (Lock E17 to Lock E28B). Counties where emergency work may be required include: Cayuga, Herkimer, Madison, Oneida, Onondaga, Oswego, Schuyler, Tompkins, Wayne and Yates.

This contract in the central canal area of the Canal System will allow for On-Demand emergency repairs to canal infrastructure components, emergency recovery of marine vessels and any associated environmental response. This will protect the public interest and safety, avoid prolonged interruptions to navigation, as well as allow the Canal System to maintain operations and functionality.

This contract to provide the emergency On-Demand infrastructure repair and/or marine vessel recovery/response services will be for a two-year period which is anticipated to begin on January 1, 2018 and terminate on December 31, 2019.

# **DISCUSSION**

Bid inquiry K17-10260035SN Request for Proposal ('RFP') for On-Demand Infrastructure Repairs and Marine Vessel Recovery Contract – Central Canal Area services was noticed in the New York State *Contract Reporter* and posted to the Canal Corporation's Procurement website on September 1, 2017. On September 26, 2017 three proposals were received and publicly opened and read.

A complete bid review and analysis was performed to determine the lowest qualified bidder which could supply the requested emergency infrastructure repair and marine vessel recovery/environmental response services. The review committee also reviewed and made consideration to the required Mandatory Response Review submission for each bidder.

The lowest qualified bidder, Tioga Construction Co., Inc., displayed an understanding of the required services and emergency response times requested, and provided the requested Mandatory Response Review information to support the company's depth of experience and qualifications. Tioga Construction Co., Inc. is presently the contractor for the Statewide On-Demand Infrastructure Repairs and Marine Vessel Recovery Contract which will expire on December 31, 2017.

The lowest qualified bidder selected will be awarded the On-Demand Contract for a two-year term. Emergency Infrastructure Repairs and Marine Vessel Recovery events will be identified by the Canal Corporation or its designated representative(s). Once an emergency event is identified, the Canal Corporation will schedule an on-site meeting to determine the extent of manpower, equipment and material resources to be employed by the Contractor for the repair/recovery event. A response and repair/recovery schedule will be directed by the Canal Corporation prior to commencement of the work.

#### FISCAL INFORMATION

Construction Services under this contract will be provided on an emergency 'as-needed' basis. Expenditures for identified and directed emergency infrastructure repairs will be paid from the Canal Corporation's Capital Fund. Expenditures for identified and directed emergency marine vessel recovery/response work will be paid from the Canal Corporation's Operating Fund.

# RECOMMENDATION

The Deputy Director of Engineering and Maintenance recommends that the Board of Directors approve the award of a two-year contract for On-Demand Infrastructure Repairs and Marine Vessel Recovery Contract – Central Canal Area in the not-to-exceed amount of \$2,611,600.00 to the lowest qualified bidder, Tioga Construction Co., Inc.

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 Canal Corporation's Guidelines for procurement contracts and Expenditure Authorization Procedures, approval is hereby granted to award a two-year Contract for the total amount of \$2,611,600.00 to Tioga Construction Co., Inc. for the On-Demand Infrastructure Repairs and Marine Vessel Recovery Contract – Central Canal Area, as recommended in the foregoing report of the President and Chief Executive Officer;

<u>Contractor</u>	<u>Location</u>	<b>Contract Award</b>
Tioga Construction Co., Inc.	Herkimer, NY	\$2,611,600.00

# K17-10260035SN

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 Canal Corporation are, and each of them hereby is, authorized on behalf of the Canal Corporation to do any and all things, take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel; and be it further

# vi. Procurement (Services) Contract - On Demand Infrastructure Repairs and Marine Vessel Recovery - Western Canal Area - Contract Award

The President and Chief Executive Officer submitted the following report:

#### "SUMMARY

The Board of Directors ('Board') is requested to approve the award of a two-year contract for On-Demand Infrastructure Repairs and Marine Vessel Recovery – Western Canal Area services in the total amount of \$2,878,800.00 to the lowest qualified bidder, Hohl Industrial Services, Inc., Tonawanda, NY,

In accordance with the Canal Corporation's Procurement Guidelines and Expenditure Authorization Procedures, the award of Contracts and/or Purchase Order Releases exceeding \$500,000 in value or a contract term for more than one year, require the approval of the Board.

# BACKGROUND

The current On-Demand Infrastructure Repairs and Marine Vessel Recovery Contract was awarded on a statewide basis, with one Contractor performing the work as directed by the New York State Canal Corporation ('Canal Corporation') on an emergency 'as needed' basis throughout the entire New York State Canal System ('Canal System'). The Canal Corporation will award three contracts for On-Demand Infrastructure Repairs, one for the central, eastern and western service areas. For this contract award, the western canal area is generally intended to be anywhere within portions of the Erie Canal System (Lock E29 to Lock E35). Counties where emergency work may be required include Erie, Monroe, Niagara, Ontario, Orleans, Seneca and Wayne.

This contract in the western canal area of the Canal System will allow for On-Demand emergency repairs to canal infrastructure components, emergency recovery of marine vessels and any associated environmental response. This will protect the public interest and safety, avoid prolonged interruptions to navigation, as well as allow the Canal System to maintain operations and functionality.

This contract to provide the emergency On-Demand infrastructure repair and/or marine vessel recovery/response services will be for a two-year period which is anticipated to begin on January 1, 2018 and terminate on December 31, 2019.

# DISCUSSION

Bid inquiry K17-10260034SN Request for Proposal ('RFP') for On-Demand Infrastructure Repairs and Marine Vessel Recovery Contract – Western Canal Area services was noticed in the New York State *Contract Reporter* and posted to the Canal Corporation's Procurement website on September 1, 2017. On September 26, 2017 one proposal was received and publicly opened and read.

A complete bid review and analysis was performed to determine if the sole bidder for the solicitation was qualified, unit prices submitted were within the tolerances of the bid analysis criteria, and Bid Proposal submitted was reasonable.

The sole bidder displayed an understanding of the required services and emergency response times requested, and provided the requested Mandatory Response Review information to support its depth of experience and qualifications.

The sole bidder selected will be awarded the On-Demand Contract for a two-year term. Emergency Infrastructure Repairs and Marine Vessel Recovery events will be identified by the Canal Corporation or its designated representative(s). Once an emergency event is identified, the Canal Corporation will schedule an on-site meeting to determine the extent of manpower, equipment and

material resources to be employed by the Contractor for the repair/recovery event. A response and repair/recovery schedule will be directed by the Canal Corporation prior to commencement of the work.

# FISCAL INFORMATION

Construction Services under this contract will be provided on an emergency 'as-needed' basis. Expenditures for identified and directed emergency infrastructure repairs will be paid from the Canal Corporation's Capital Fund. Expenditures for identified and directed emergency marine vessel recovery/response work will be paid from the Canal Corporation's Operating Fund.

# RECOMMENDATION

The Deputy Director of Engineering and Maintenance recommends that the Board of Directors approve the award of a two-year contract for On-Demand Infrastructure Repairs and Marine Vessel Recovery Contract – Western Canal Area in the not-to-exceed amount of \$2,878,800.00 to the lowest qualified bidder, Hohl Industrial Services, Inc.

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 Canal Corporation's Guidelines for Procurement contracts and Expenditure Authorization Procedures, approval is hereby granted to award a two-year Contract for the total amount of \$2,878,800.00 to Hohl Industrial Services, Inc. for the On-Demand Infrastructure Repairs and Marine Vessel Recovery Contract – Western Canal Area, as recommended in the foregoing report of the President and Chief Executive Officer;

Contractor	<u>Location</u>	Contract Award
Hohl Industrial Services, Inc.	Tonawanda, NY	\$2,878,800.00

# K17-10260034SN

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 Canal Corporation are, and each of them hereby is, authorized on behalf of the Canal Corporation to do any and all things, take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel; and be it further

# vii. Procurement (Services) Contract - General Environmental Services - Contract Award

The President and Chief Executive Officer submitted the following report:

# "SUMMARY

The Board of Directors ('Board') is requested to approve the award of three-year contracts for General Environmental Services in the aggregate not-to-exceed overall contract amount of \$3,000,000 to five technically qualified firms:

- LaBella Associates, Rochester, NY (LaBella);
- Louis Berger US, Inc., New York, NY;
- Bergmann Associates, Rochester, NY (Bergmann);
- LiRo Engineers, Inc., Buffalo, NY (LiRo);
- Kleinschmidt Associates PA, PC, Pittsfield ME (Kleinschmidt)

In accordance with the Canal Corporation's Expenditure Authorization Procedure and Procurement Guidelines, the award of contracts with a value of more than \$500,000 or for a period in excess of one year or both, require the approval of the Board.

# BACKGROUND

The Canal Corporation ('Corporation') seeks to retain engineering and environmental consulting firms with a broad range of expertise to provide on-call assistance for future projects, tasks and planning. The consultant(s) will provide technical assistance on an 'as needed' and 'requested' basis to the Corporations' Environmental Health and Safety ('EH&S') Division to meet the Corporations' environmental policy objectives and goals.

The primary objective of the consultant(s) will be to assist EH&S on an 'as needed,' on-call basis on a broad spectrum of projects and tasks.

# DISCUSSION

Bid inquiry K17-10255284SN Request for Proposals ('RFP') for General Environmental Services was noticed in the New York State *Contract Reporter* and posted to the Corporation's Procurement website on September 22, 2017. On October 18, 2017, twenty-nine (29) proposals were received.

A complete bid review and analysis was performed to identify qualified vendors to support the Canal Corporation's projects and supply expertise necessary to satisfy state and federal regulations.

The selected vendors each displayed understanding of the required services and provided information to support their depth of experience and qualifications.

The five firms selected will be awarded value contracts for a three-year term, with the possibility of two, one-year extensions. Individual tasks will be assigned by issuance of a Purchase Order Release ('POR') against the established values contracts after a mini-bid among the firms.

# **FISCAL INFORMATION**

Services under these contracts will be provided on an 'as-needed' basis and/or availability. Payments associated with this project will be made from the Corporation's Capital or Operating Fund, as appropriate.

# **RECOMMENDATION**

The Deputy Director of Engineering and Maintenance recommends that the Board approve awards of three-year contracts for General Environmental Services in the aggregate not-to-exceed amount of \$3,000,000 to the five technically qualified firms: LaBella Associates, Rochester, NY; Louis Berger US, Inc., New York, NY; Bergmann Associates, Rochester, NY; LiRo Engineers, Inc., Buffalo, NY; Kleinschmidt Associates PA, PC, Pittsfield ME.

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 adopted with Trustee Kress excused from the vote as it relates to LaBella Associates and Bergmann Associates.

RESOLVED, That pursuant to the Canal Corporation's Expenditure Authorization Procedures, and Guidelines for Procurement Contracts, approval is hereby granted to award a three-year Contract, with the possibility of two, one-year extensions, for the aggregate total amount of \$3,000,000 to: LaBella Associates, Rochester, NY; Louis Berger US, Inc., New York, NY; Bergmann Associates, Rochester, NY; LiRo Engineers, Inc., Buffalo, NY; Kleinschmidt Associates PA, PC, Pittsfield ME as recommended in the foregoing report of the President and Chief Executive Officer;

Contractor	<u>Location</u>	\$3,000,000 aggregate
LaBella Associates	Rochester, NY	
Louis Berger US	New York, NY	
Bergmann Associates	Rochester, NY	
LiRo Engineers	Buffalo, NY	
Kleinschmidt Associates	Pittsfield, ME	

# K17-10255284SN

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 Canal Corporation are, and each of them hereby is, authorized on behalf of the Canal Corporation to do any and all things, take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel; and be it further

# viii. Procurement (Services) Contract - Ellicott Hydraulic Dredge - Capital Expenditure Authorization Request and Contract Award

#### "SUMMARY

The Canal Corporation's Board of Directors ('Board') is being requested to authorize capital expenditures for an Ellicott Hydraulic Dredge ('Dredge') in the amount of \$2,595,650.00. The Board is also requested to approve a competitively bid contract award in the amount of \$2,595,650.00 for the design, fabrication and delivery of the Dredge manufactured by Ellicott Dredges, LLC. ('Ellicott'), located in Baltimore, Maryland.

In accordance with the Canal Corporation's ('Corporation') Expenditure Authorization Procedures and Guidelines for Procurement Contracts, the award of Equipment purchases and/or Purchase Order in excess of \$500,000.00 in value require the approval of the Board.

#### BACKGROUND

Maintenance of the Barge Canal requires periodic dredging of the navigation channel to meet minimum navigation depths for vessel traffic. The new Dredge will be deployed in the Corporation's Utica Section which has accounted for 63% of the Corporation's dredging volume in recent years. It will replace Hydraulic Dredge No. 5 ('HD5') which was built in 1929. Hydraulic Dredge No. 5 has experienced considerable down-time over the past few years and was determined to be unsafe because of leaks at its stern. It is slated to be scrapped over the next year.

The dredging season is naturally constrained by winter and is further constrained by environmental permitting requirements. The resulting limited time available for dredging necessitates that operations proceed with high productivity and efficiency to take advantage of the shortened season. A new Dredge will greatly improve productivity of the maintenance crews by reducing time and breakdowns associated with the current HD5.

# DISCUSSION

In response to the Corporation's advertisement in the New York State *Contract Reporter*, dated August 25, 2017, for the Hydraulic Dredge, two bids were received on September 21, 2017. The Bidders and summation of the unit pricing are set forth below:

Ranking	<u>Bidder</u>		Base Bid Price
1	Ellicott Dredges, LLC, Baltimore, MD	Option 1:	\$2,540,343.00
		Option 2:	\$2,595,650.002
2	CDW, Inc. Topeka, KS		\$1,978,000.00

The proposals were reviewed by an Evaluation Committee consisting of Corporation staff from the Eastern Division and the Procurement department. Overall cost was assessed and a vendor responsibility review was performed. Ellicott submitted two options for the contract. Option 1 was a dredge already under construction built partially with Canadian Steel. During the bid review process, Ellicott notified the Corporation that Option 1 was no longer available and the dredge was sold to another buyer. Ellicott's Option 2 is a dredge built according to the advertised specifications. CDW, Inc.'s ('CDW') bid included an existing dredge available for immediate sale. CDW's bid was bypassed because it did not comply with several of the required specifications including the air draft, or overall height, of the

vessel. The CDW dredge is too tall to fit under the bridges on the Erie Canal and therefore cannot be used by the Corporation. Ellicott's bid was identified as reasonable and was found to be responsive and responsible. Delivery of the Dredge is scheduled for June 2018.

#### FISCAL INFORMATION

Payments associated with this assignment will be made from the Corporation's Capital Fund.

# RECOMMENDATION

The Deputy Director of Engineering and Maintenance, the Manager of Engineering and Maintenance, and the Eastern Division Canal Engineer recommend that the Board of Directors authorize capital expenditures in the amount of \$2,595,650.00, and approve a contract award to Ellicott Dredges, LLC, in the amount of \$2,595,650.00, for the purchase of a hydraulic dredge.

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 Canal Corporation's Expenditure Authorization Procedures, capital expenditures in the amount of \$ 2,595,650.00 for an Ellicott Hydraulic Dredge are hereby authorized in accordance with, and 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 Corporation and the Corporation's Expenditure Authorization Procedures, approval is hereby granted to award a contract to Ellicott Dredges, LLC in the amount of \$2,595,650.00 for the design, fabrication and delivery of a Hydraulic Dredge, as recommended in the foregoing report of the President and Chief Executive Officer;

<u>Contractor</u> <u>Contract Approval</u>

Ellicott Dredges, LLC \$2,595,650.00

Baltimore, MD

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 Canal Corporation are, and each of them hereby is, authorized on behalf of the Canal Corporation to do any and all things, take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel; and be it further

# c. Real Estate

 i. Abandonment and Sale of Approximately 5,050 Square-Feet of Canal Land -Village of Pittsford, Monroe County

The President and Chief Executive Officer submitted the following report:

# "SUMMARY

The Board of Directors is requested to authorize the abandonment and sale of two (2) parcels totaling approximately 5,050± square-feet (0.116 acres) of canal land ('Property') located in the Village of Pittsford, Monroe County, to Robert Michaels ('Applicant') for its appraised value to cure minor commercial encroachments. The Property is shown on the map attached hereto as Exhibit '4c i-A.'

# BACKGROUND

The Property consists of two (2) non-contiguous parcels located at 34 State Street and 40 State Street in the Village of Pittsford and abuts property owned by the Applicant. Each of the parcels requested are encumbered by minor commercial building improvements further described as: two (2) small porch encroachments totaling approximately 100 square-feet and an approximately 550 square-foot portion of a paved parking lot. The Applicant wishes to purchase the Property to cure the encroachments and gain clear title for estate planning purposes.

Staff has determined that the Property is no longer needed for the Canal Corporation's purposes.

# DISCUSSION

As shown on Exhibit '4c i-A,' the Property is located on the southwest side of the Erie Canal, northeast of State Street in the Village of Pittsford. The Property consists of two non-contiguous, irregularly shaped parcels measuring 2,700 square-feet and 2,350 square-feet of land, respectively. The parcels are bounded on the southwest by lands owned by the Applicant and bounded on the northeast by the top of a bank plus a 5-foot buffer of canal land that will remain with the Canal Corporation for operations and maintenance purposes.

In November 2017, an independent appraiser estimated the value of the Property at \$10,900. Canal Corporation's land management staff has reviewed the appraisal report and found the appraiser's value conclusion to be reasonable and credible.

In accordance with the Public Authorities Law ('PAL') and the Canal Corporation's Guidelines and Procedures for the Disposal of Canal Corporation Real Property (the 'Guidelines'), the Property may be sold to the Applicant by negotiation since the value of the Property is less than \$15,000.

Pursuant to Section 51 of the Canal Law, a Notice of Proposed Abandonment of the Property will be published for three consecutive weeks in a newspaper published in Monroe County soliciting written comments either in support or opposition to the proposed abandonment.

Title 5-A of Article 9 of the PAL and the Guidelines allow the Canal Corporation, with the approval of the Directors, to dispose of the Corporation's real property pursuant to Section 2897 of the PAL. The proposed sale of the Property on the terms recommended herein complies with all applicable provisions of law, including the Canal Law, Title 5-A of Article 9 of the PAL, and with the Guidelines.

As the Property is owned by the People of the State of New York, acting by and through the Corporation, the deed is subject to approval by the NYS Department of Law Real Property Bureau.

# **FISCAL INFORMATION**

Revenues received by the Canal Corporation are required by statute to be deposited in the Canal Development Fund.

# RECOMMENDATION

The Director of Canals and the Vice President - Enterprise Shared Services recommend that the Board of Directors approve the abandonment and sale of two parcels of canal land totaling 0.116 acres, located in the Village of Pittsford, Monroe County, to Robert Michaels.

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 approximately 5,050± square-feet of land located in the Village of Pittsford, County of Monroe, is no longer useful or necessary as part of the Barge Canal System, as an aid to navigation thereon, or for Barge Canal purposes; and be it further

RESOLVED, That pursuant to the provisions of the Canal Law, Section 2897 (6) of the Public Authorities law, Section IV. 4.1. of the Guidelines for the Disposal of Canal Corporation Real Property, including Article 9, Title 5-A of the Public Authorities Law, the Board of Directors hereby authorize the abandonment and sale of certain lands totaling approximately 5,050+ square-feet, in the Village of Pittsford, to Robert Michaels for \$10,900; and be it further

RESOLVED, That the Vice President - Enterprise Shared Services, or designee, is hereby authorized to execute any and all other agreements, papers or instruments on behalf of the Canal Corporation that may be deemed necessary or desirable to carry out the foregoing, subject to the approval by the Executive Vice President and General Counsel; 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 Canal Corporation are, and each of them hereby is, authorized on behalf of the Corporation to do any and all things and take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel, and be it further

ii. Abandonment and Sale of Approximately 5,060 Square-Feet of Canal Land - Town of Perinton, Monroe County

The President and Chief Executive Officer submitted the following report:

# "SUMMARY

The Board of Directors is requested to authorize the abandonment and sale of approximately 5,060± square-feet of canal land ('Property') located in the Town of Perinton, Monroe County, to Kurt Munnich ('Applicant') for its appraised value to cure a partial residential home encroachment. The Property is shown on the map attached hereto as Exhibit '4c ii-A.'

#### BACKGROUND

The Property is a portion of a long linear stretch of 'Old Clinton's Ditch' canal lands, most of which was previously abandoned by the state in the early 1900's when the first enlargement of the Erie Canal was undertaken. The Property is several hundred feet south of the present day Barge Canal. The Property is one of three remaining small remnants of the old Erie Canal alignment that, for unknown reasons, were not abandoned a century ago. The Property is encumbered with an approximately 400 square-foot garage owned by the Applicant who would like to purchase the Property and cure the encroachment.

Staff has determined that the Property is no longer needed for the Canal Corporation's purposes.

# DISCUSSION

As shown on Exhibit '4c ii-A,' the Property is a non-waterfront parcel situated off the north side of Kreag Road, several hundred feet south of the Erie Canal. The Property measures approximately 90 feet by 55 feet and adjoins property owned by the Applicant.

In November 2017, an independent appraiser estimated the value of the Property at \$16,000. Canal Corporation's land management staff has reviewed the appraisal report and found the appraiser's value conclusion to be reasonable and credible.

Pursuant to the Public Authorities Law ('PAL') as amended by Chapter 156 of the Laws of 2012, the Corporation may negotiate the disposal of property with a fair market value between \$15,000 and \$75,000 with the encroaching landowner to cure an encroachment existing prior to April 1, 1992. As this transaction meets the criteria, it is recommended that the Property be sold to the Applicant for the negotiated price of \$16,000.

Pursuant to Section 51 of the Canal Law, a Notice of Proposed Abandonment of the Property will be published for three consecutive weeks in a newspaper published in Monroe County soliciting written comments either in support or opposed to the proposed abandonment.

Title 5-A of Article 9 of the PAL and the Canal Corporation's Guidelines and Procedures for the Disposal of Canal Corporation Real Property (the 'Guidelines') allow the Canal Corporation, with the approval of the Directors, to dispose of Corporation real property pursuant to Section 2897 of the PAL. The proposed sale of the Property on the terms recommended herein complies with all applicable provisions of law, including the Canal Law, Title 5-A of Article 9 of the PAL, and with the Guidelines.

As the Property is owned by the People of the State of New York, acting by and through the Corporation, the deed is subject to approval by the NYS Department of Law Real Property Bureau.

#### **FISCAL INFORMATION**

Revenues received by the Canal Corporation are required by statute to be deposited in the Canal Development Fund.

#### RECOMMENDATION

The Director of Canals and the Vice President - Enterprise Shared Services recommend that the Board of Directors approve the abandonment and sale of approximately 5,060± square-feet of canal land located in the Town of Perinton, Monroe County, to Kurt Munnich for \$16,000.

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 approximately  $5,060\pm$  square-feet of land located in the Town of Perinton, County of Monroe is no longer useful or necessary as part of the Barge Canal System, as an aid to navigation thereon, or for Barge Canal purposes; and be it further

RESOLVED, That pursuant to the provisions of the Canal Law, Section 2897 (6) of the Public Authorities law, Section IV. 4.1. of the Guidelines for the Disposal of Canal Corporation Real Property, including Article 9, Title 5-A of the Public Authorities Law, the Board of Directors hereby authorize the abandonment and sale of certain lands totaling approximately 6,035+ square-feet, in the Town of Perinton, to Kurt Munnich for \$16,000; and be it further

RESOLVED, That the Vice President - Enterprise Shared Services, or designee, is hereby authorized to execute any and all other agreements, papers or instruments on behalf of the Canal Corporation that may be deemed necessary or desirable to carry out the foregoing, subject to approval by the Executive Vice President and General Counsel; 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 Canal Corporation are, and each of them hereby is, authorized on behalf of the Corporation to do any and all things and take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the General Counsel, and be it further

RESOLVED, That this resolution be incorporated in the minutes of this meeting.

iii. Abandonment and Sale of Approximately 6,035 Square-Feet of Canal Land - Town of Perinton, Monroe County

The President and Chief Executive Officer submitted the following report:

#### "SUMMARY

The Board of Directors is requested to authorize the abandonment and sale of approximately 6,035± square-feet of surplus canal land ('Property') located in the Town of Perinton, Monroe County, to Sheila Lytle ('Applicant') for its appraised value to cure a partial residential home encroachment. The Property is shown on the map attached hereto as Exhibit '4c iii-A.'

#### BACKGROUND

The Property is a portion of a long linear stretch of 'Old Clinton's Ditch' canal lands, most of which was previously abandoned by the state in the early 1900's when the first enlargement of the Erie Canal was undertaken. The Property is several hundred feet south of the present-day Barge Canal. The Property is one of three remaining small remnants of the old Erie Canal alignment that, for unknown reasons, were not abandoned a century ago. The Property is encumbered by approximately 380 square-foot of a home owned by the Applicant who seeks to purchase the Property.

Staff has determined that the Property is no longer needed for canal purposes.

#### **DISCUSSION**

As shown on Exhibit '4c iii-A,' the Property is a non-waterfront parcel situated off the north side of Kreag Road, several hundred feet south of the Erie Canal. The Property measures approximately 80 feet by 70 feet and adjoins property owned by the Applicant.

In October 2017, an independent appraiser estimated the value of the Property at \$19,000. Canal land management staff has reviewed the appraisal report and found the appraiser's value conclusion to be reasonable and credible.

Pursuant to the Public Authorities Law ('PAL') as amended by Chapter 156 of the Laws of 2012, the Corporation may negotiate the disposal of property with a fair market value between \$15,000 and \$75,000 with the encroaching landowner to cure an encroachment existing prior to April 1, 1992. As this transaction meets the criteria, it is recommended that the Property be sold to the Applicant for the negotiated price of \$19,000. Pursuant to Section 51 of the Canal Law, a Notice of Proposed Abandonment of the Property will be published for three consecutive weeks in a newspaper published in Monroe County soliciting written comments either in support or opposition to the proposed abandonment.

Title 5-A of Article 9 of the PAL and the Canal Corporation's Guidelines and Procedures for the Disposal of Canal Corporation Real Property (the 'Guidelines') allow the Canal Corporation, with the approval of the Directors, to dispose of the Corporation's real property pursuant to Section 2897 of the PAL. The proposed sale of the Property on the terms recommended herein complies with all applicable provisions of law, including the Canal Law, Title 5-A of Article 9 of the PAL, and with the Guidelines.

As the Property is owned by the People of the State of New York, acting by and through the Corporation, the deed is subject to approval by the NYS Department of Law Real Property Bureau.

#### FISCAL INFORMATION

Revenues received by the Canal Corporation are required by statute to be deposited into the Canal Development Fund.

#### **RECOMMENDATION**

The Director of Canals and the Vice President - Enterprise Shared Services recommend that the Board of Directors approve the abandonment and sale of approximately 6,035± square-feet of surplus canal land located in the Town of Perinton, Monroe County, to Sheila Lytle for \$19,000.

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 approximately 6,035± square-feet of land located in the Town of Perinton, County of Monroe is no longer useful or necessary as part of the Barge Canal System, as an aid to navigation thereon, or for Barge Canal purposes; and be it further

RESOLVED, That pursuant to the provisions of the Canal Law, Section 2897 (6) of the Public Authorities law, Section IV. 4.1. of the Guidelines for the Disposal of Canal Corporation Real Property, including Article 9, Title 5-A of the Public Authorities Law, the Board hereby authorize the abandonment and sale of certain lands totaling approximately 6,035± square-feet, in the Town of Perinton, to Sheila Lytle for \$19,000; and be it further

RESOLVED, That the Vice President - Enterprise Shared Services, or designee, is hereby authorized to execute any and all other agreements, papers or instruments on behalf of the Corporation that may be deemed necessary or desirable to carry out the foregoing, subject to the approval by the Executive Vice President and General Counsel; and be it further

RESOLVED, That the Chairman, the Vice Chairman, the President and Chief Executive, the Chief Operating Officer and all other officers of the Canal Corporation are, and each of them hereby is, authorized on behalf of the Corporation to do any and all things and take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel, and be it further

RESOLVED, That this resolution be incorporated in the minutes of this meeting.

iv. Abandonment and Sale of Approximately 15.11 Acres of Canal Land – Town of Lockport, Niagara County

The President and Chief Executive Officer submitted the following report:

#### "SUMMARY

The Board of Directors is requested to authorize the abandonment and sale at public auction of approximately 15.11± acres of canal land ('Property') located in the Town of Lockport, Niagara County, for not less than \$57,000, its appraised value. The Property is shown on the map attached hereto as Exhibit '4c iv-A.'

#### BACKGROUND

The Property is a portion of a 16-acre parcel appropriated by the state in 1942. It does not appear to have been used for any canal purpose in several decades. The adjoining landowner has offered to purchase the Property to be assembled with its commercially developed golf course and country club property.

Staff has determined that the Property is no longer needed for canal purposes, excepting however, a permanent easement to overflow and flood the Property that will be reserved by the Canal Corporation.

#### DISCUSSION

As shown on Exhibit '4c iv-A,' the Property is a rectangular water-view parcel located on the south side of the Erie Canal. The Property lacks public road access but is accessible from two adjoining properties. One of the adjoining owners seeks to acquire the Property to facilitate an expansion of its golf course. However, as it is valued over \$15,000, it must be publicly offered pursuant to the Public Authorities Law ('PAL'). The Property is separated from the Erie Canal by a strip of embankment land that will remain with the Canal Corporation for operations and maintenance purposes. As the Property is slightly below canal grade, staff has recommended a flowage easement be reserved over the Property to safeguard against any future claims due to seepage or embankment failure.

In September 2017, an independent appraiser estimated the value of the Property, if assembled with the adjoining commercially developed golf course property, at \$57,000. Canal land management staff has reviewed the appraisal report and has found the appraiser's conclusion of value to be reasonable and credible.

Pursuant to Section 51 of the Canal Law, a Notice of Proposed Abandonment of the Property must be published for three consecutive weeks in a newspaper published in Niagara County and a public hearing must be held on this matter.

Title 5-A of Article 9 of the PAL and the Canal Corporation's Guidelines and Procedures for the Disposal of Canal Corporation Real Property (the 'Guidelines') allow the Canal Corporation, with the approval of the Directors, to dispose of Corporation real property pursuant to Section 2897 of the PAL. The proposed sale of the Property at public auction on the terms recommended herein complies with all applicable provisions of law, including the Canal Law, Title 5-A of Article 9 of the PAL, and with the Guidelines.

As the Property is owned by the People of the State of New York, acting by and through the Corporation, the deed is subject to approval by the NYS Department of Law, Real Property Bureau.

#### **FISCAL INFORMATION**

Revenues received by the Canal Corporation are required by statute to be deposited into the Canal Development Fund.

#### RECOMMENDATION

The Director of Canals and the Vice President - Enterprise Shared Services recommend that the Board of Directors approve the abandonment and sale at public auction of approximately 15.11± acres of canal land located in the Town of Lockport, Niagara County.

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 approximately 15.11± acres of land located in the Town of Lockport, County of Niagara is no longer useful or necessary as part of the Barge Canal System, as an aid to navigation thereon, or for Barge Canal purposes, excepting and reserving a permanent easement to overflow and flood the property; and be it further

RESOLVED, That pursuant to the provisions of the Canal Law, Section 2897 (6) of the Public Authorities Law and Section IV. 4.1. of the Guidelines for the Disposal of Canal Corporation Real Property, including Article 9, Title 5-A of the Public Authorities Law, the Board hereby authorize the abandonment and sale of certain lands totaling approximately 15.11± acres, in the Town of Lockport, Niagara County; and be it further

RESOLVED, That the Vice President - Enterprise Shared Services, or designee, is hereby authorized to execute any and all other agreements, papers or instruments on behalf of the Canal Corporation that may be deemed necessary or desirable to carry out the foregoing, subject to the approval by the Executive Vice President and General Counsel; 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 Corporation are, and each of them hereby is, authorized on behalf of the Canal Corporation to do any and all things and take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel, and be it further

RESOLVED, That this resolution be incorporated in the minutes of this meeting.

#### v. Acquisition of Lease - One Northern Concourse, North Syracuse, County of Onondaga

The President and Chief Executive Officer submitted the following report:

#### "SUMMARY

The Directors are requested to authorize entry into a lease with One Northern Concourse, LLC, for approximately 7,890 square-feet of office space located in North Syracuse, Onondaga County. The space will serve as the regional office for the Canal Corporation's Central Division staff.

#### DISCUSSION

On September 24, 2016, the Power Authority entered into an agreement to lease approximately 2,990 square-feet of office space for the Canal Corporation's staff in the One Northern Concourse building. That space was sufficient to meet then-extant staffing requirements. However, as a result of ongoing reevaluation of Canal staffing needs, it is now projected that the number of employees to be located in the Syracuse office will double over the next two years, from 10 to 20. The proposed lease space will accommodate this number and provide flexibility in the event of future expansion and reorganization. In addition, acquisition of the larger space will provide needed meeting and training space for larger groups. It is intended that the meeting spaces may be utilized by both Canal and Power Authority staff.

The proposed initial term is for five years, to commence on or about January 1, 2018, at an annual rate of \$118,350.00 (\$15.00 per square foot), plus a *pro rata* share of operating expenses and taxes. Utilities are the tenant's responsibility. Upon commencement of the new lease, the existing lease agreement will be terminated. The lease will also be assignable to the Canal Corporation. Authority staff has reviewed local market conditions and has determined that the terms are reasonable. Upon commencement of the new lease, the existing lease agreement will be terminated. The original lease was entered into in the name of the Power Authority, but it is intended that the Corporation will be the primary tenant on the new lease.

The landlord will provide basic build-out, including painting, carpeting and requested renovation, at no additional cost to the Corporation. The Corporation will incur some relatively minor cost for installation of dedicated IT/communications wiring and associated infrastructure.

#### **FISCAL INFORMATION**

Funds required for rent will come from the Corporation's Operating Fund.

#### RECOMMENDATION

The Vice President – Enterprise Shared Services/ Real Estate Contracting Officer and the Chief Operating Officer of the Canal Corporation recommend that the Directors approve the entry into a lease with One Northern Concourse, LLC, for approximately 7,890 square-feet of office space located in North Syracuse, Onondaga County.

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, the President and Chief Executive
Officer and the Vice President – Enterprise Shared Services/
Real Estate Contracting Officer be, and hereby are,

authorized to enter into a lease with One Northern Concourse, LLC as substantially set forth herein, subject to approval of lease documents by the Executive Vice President and General Counsel; and be it further

RESOLVED, That the Vice President – Enterprise Shared Services/Real Estate Contracting Officer, or designee, is hereby authorized to execute any and all other agreements, papers or instruments on behalf of the Corporation that may be deemed necessary or desirable to carry out the foregoing, subject to the approval by the Executive Vice President and General Counsel; 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 Canal Corporation are, and each of them hereby is, authorized on behalf of the Corporation to do any and all things and take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel; and be it further

RESOLVED, That this resolution be incorporated in the minutes of this meeting.

#### 5. DISCUSSION AGENDA

#### a. Strategic Initiatives

#### i. President and Chief Executive Officer's Report

President Quiniones provided an update on the Authority's integrated Smart Operations Center ("iSOC"). He said NYPA's vision is to become an end-to-end digital utility, leveraging connectivity, big data and analytics to drive actionable business insights that will better enable the Authority to serve its customers, employees and other key stakeholders. Since most of the efforts to advance NYPA's digital utility vision are crosscutting among business units, there is a need for effective and efficient project management of its digitization efforts; to that end, a digital transformation office will be created to implement NYPA's end-to end digitization plan effectively. President Quiniones said NYPA has begun its digitization process with the unveiling of its iSOC and two other digital hubs, the New York Energy Manager ("NYEM") and Advanced Grid Innovation Lab for Energy ("AGILE"). He ended by saying that the Power Authority is looking forward to being a leader in the utility industry with this forward-looking, cutting-edge technology.

Chairman Koelmel said on behalf of the Board he wanted to thank President Quiniones and the team for what has been accomplished and, more importantly, the vision and the potential to realize the opportunities ahead. The Board looks forward to future outcomes and even more energy from the use of this digital technology.

#### b. Risk Management

#### i. Chief Risk Officer's Report

Mr. Soubhagya Parija, Chief Risk Officer, provided highlights of the Risk Management activities to the Board. (Exhibit "5b i-A").

#### New York Canal Corporation Risk Assessment

Risk Management recently completed Canal Corporation's ('Canal') risk assessment. The team has been working very closely with Canal's team through the pre-and post-integration phases, having discussions with both internal and external subject matter experts. In addition, Risk Management engaged the insurance underwriters and brokers to review Canal's assets and have also validated the findings with Canal's management team.

#### Canal Corporation's Top Enterprise Risks

Following a formal risk assessment, Risk Management identified the following as Canal's top Enterprise Risks:

- Attract & Sustain Qualified Workforce
- Physical and Cyber Security
- Public & Workforce Health & Safety
- Critical Infrastructure Failure
- Catastrophic Events

#### **Next steps for Canal Corporation:**

Risk Management conducts monthly risk meetings with a dedicated Risk Management staff and they will continue to be engaged in the process. Some of the key projects and activities Risk Management staff are in the process of doing include:

- Reimagine Canals initiative
- Manage stakeholder risk using reputation risk format
- Business resiliency stress testing
- Appropriately staffed expertise
- Multiple year preventive maintenance and CapEx plan
- Self-insurance of Workers' Compensation Program
- Removal of obsolete equipment
- Balance recreational aspects with sound business logic

#### c. Operations & Finance

#### i. <u>Utility Operations Report</u>

Mr. Joseph Kessler, Chief Operations Officer, provided an update of the Utility Operations' activities to the Board.

#### **Board Resolution - Utility Operations' Puerto Rico Recovery Efforts**

Chairman Koelmel said that the Board wanted to recognize the great work that Mr. Kessler and the Operations team has done for the benefit of the residents of Puerto Rico. He also said that the Board is aware that there is much more work to be done; however, the members realize this is much more than a recovery and restoration effort, it is a real humanitarian effort, and they are incredibly proud of Mr. Kessler's and the team's contributions to that effort.

President Quiniones added that the resolution is to recognize the efforts of NYPA's Operations team and the teams from other New York utilities that are a part of the New York delegation to Puerto Rico.

Upon motion made by Vice Chair Nicandri and seconded by Trustee Kress the resolution for the Utility Operations team's efforts towards the rebuilding of Puerto Rico after the devastations caused by hurricanes Irma and Maria was unanimously adopted. (Exhibit "5c i-A")

#### 6. Board Committee Reports:

#### a. Audit Committee

The Chair of the Audit Committee reported that the committee met earlier and adopted the minutes, received an Internal Audit activity report and reviewed and approved the 2018 Internal Audit Plan for NYPA and Canal Corporation, as well as the 2018 Internal Audit budget. The committee also considered amendments to the Audit Committee Charter and recommend its adoption to the full board at this meeting.

#### b. Governance Committee

The Chair of the Governance committee reported that the committee met earlier and received reports from staff regarding procurement, real estate and ethics. The committee also considered some minor changes to the Governance Committee Charter. Changes in committee appointments were recommended by Chairman Koelmel and are reflected by the addition of the Board's two newest Trustees. She said, germane to many of the conversations the Board members had today, the committee also recommended the creation of a new committee on cyber and physical security for NYPA and Canal Corporation.

#### c. Finance Committee

Acting Chair Nicandri said that the Committee met this morning and approved the minutes and minor amendments to the Finance Committee Charter. He said that the Committee also voted to recommend the adoption of three budget items to the full Board of Trustees and asked Mr. Robert Lurie to provide a brief outline of those recommendations to the meeting.

Mr. Robert Lurie said he presented the full budget plan in the public session and provided a summary of his earlier presentation. He said the financial plan that he presented began the acceleration of investments in the Strategic Plan that was presented to the Board in July. That plan includes the digitization strategy that President Quiniones referred to in his report to the Board. The plan also meets the thresholds that allow the Authority to protect its high bond rating and allows it to finance those investments at the lowest possible interest rates. The plan also maintains the highest level of safety, reliability and sustainability of the Authority's assets for both NYPA and Canal Corporation. The Authority is confident that it is financially prudent and will continue to maintain its leadership position in the energy industry. Staff is therefore requesting that the members adopt the resolutions found in the documents regarding the 2018 NYPA budget and the four-year financial plan; the 2018 Canal Corporation budget and the Release of funds to the Canal Corporation for the next quarter.

#### i. Adoption of 2018 Budget for the New York State Canal Corporation

The President and Chief Executive Officer submitted the following report:

#### "SUMMARY

The Canal Corporation Board of Directors ('Canal Board') is requested to approve the 2018 Budget for the Canal Corporation, specifically including expenditures for the (i) 2018 Operations and Maintenance ('O&M') Budget (attached as Exhibit '6c i-A'), (ii) 2018 Capital Budget (attached as Exhibit '6c i-B'), and (iii) 2018 Canal Development Fund Budget (collectively, the '2018 Canal Corporation Budgets'). The 2018 Canal Corporation Budgets set forth the expected expenses of the Canal Corporation and include the recommended expenditures in the following amounts:

2018 Canal Corporation Budgets	(\$ million)	
O&M	\$ 82.0	
Capital	\$ 40.0	
Canal Development Fund	\$ 3.2	

#### BACKGROUND

The Canal Corporation is authorized to operate, maintain, construct, reconstruct, improve, develop, finance, and promote the New York State canal system (the 'Canal System').

The 2018 Canal Corporation Budgets are intended to provide the Canal Corporation with the resources needed to meet the Canal Corporation's overall mission and objectives.

#### **DISCUSSION**

#### 2018 Canal Corporation O&M Budget

The 2018 O&M Budget of \$82.0 million reflects a concentration on the effective operation and maintenance of the Canal Corporation's critical investments in New York State's Canal System.

The 2018 O&M Budget for Operations provides appropriations for baseline, or recurring, work, along with programs which have been created to more safely and effectively manage on-going operations. These programs include, but are not limited to, vegetation management (\$2.0 million), culvert cleaning and inspections (\$1.0 million), EH&S (\$1.4 million), and dam safety and bridge inspections (\$0.8 million). Also included in the O&M budget is the funding of Re-Imagining the Canals.

#### 2018 Canal Corporation Capital Budget

The 2018 Capital Budget totals \$40 million, representing ongoing and new capital projects. The significant projects for 2018 are: dam rehabilitation and repairs (\$1.2 million), culvert rehabilitation (\$1.2 million) reservoir dam rehabilitation (\$3.1 million), equipment and vessel replacement (\$6.2 million), lock pump-out projects (\$9.6 million), lock rehab/rehabilitation (\$10.7 million). Also included are the trail-way projects reimbursable through the Empire State Trail Program (\$13.0 million); these programs are net zero cost to the Canal Corporation.

#### 2018 Canal Development Fund Budget

The 2018 Canal Development Fund Budget totals \$3.2 million, representing ongoing costs associated with the New York State Canal System Development Fund ('Canal Development Fund').

The Canal Development Fund, created by State Finance Law §92-u, is a fund established in the joint custody of the State Comptroller and the Commissioner of Taxation and Finance. The Canal Development Fund consists largely of revenues received from the operation of the Canal System.

Moneys of the Canal Development Fund, following appropriation by the legislature, is made available to the Power Authority, and may be expended by the Power Authority or the Canal Corporation for the maintenance, construction, reconstruction, development or promotion of the Canal System. In addition, moneys of the Canal Development Fund may be used for the purposes of interpretive signage and promotion for appropriate historically significant Erie Canal lands and related sites. Moneys from the Canal Development Fund are paid out by the State Comptroller on certificates issued by the Director of the Budget.

#### FISCAL INFORMATION

The Canal Corporation's O&M, Capital and Canal Development Fund expenses are expected to be funded by transfers of funds from the Power Authority. Any transfers of funds from the Power Authority to the Canal Corporation would be subject to approval by the Power Authority's Board of Trustees and compliance with the Power Authority's General Resolution Authorizing Revenue Obligations, as amended and supplemented.

Canal Development Fund expenses are expected to be reimbursed to the Power Authority by the State Comptroller with moneys held in the Canal Development Fund as discussed above.

#### RECOMMENDATION

The Chief Financial Officer recommends that the Canal Board approve the 2018 Budgets for the Canal Corporation, specifically including the expenditures for (i) 2018 Operations and Maintenance ('O&M') Budget (attached as Exhibit '6c i-A'), (ii) 2018 Capital Budget (attached as Exhibit '6c i-B'), and (iii) the 2018 Canal Development Fund Budget.

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

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

RESOLVED, That the 2018 Budget for the Canal Corporation, specifically including the expenditures for (i) 2018 Operations and Maintenance Budget, (ii) 2018 Capital Budget, and (iii) 2018 Canal Development Fund Budget, each as discussed in the foregoing report of the President and Chief Executive Officer, are hereby approved; and be it further

RESOLVED, That the Canal Corporation Board of Directors acknowledges that any transfers of funds from the Power Authority to the Canal Corporation would be subject to approval by the Power Authority's Board of Trustees and compliance with the Power Authority's General Resolution Authorizing Revenue Obligations, as amended and supplemented; and be it further

RESOLVED, That the Chairman, the Vice Chairman, the President and Chief Executive Officer and all other officers of the Canal Corporation are, and each of them hereby is, authorized on behalf of the Canal Corporation to do any and all things, take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to

the approval of the form thereof by the Executive Vice President and General Counsel; and be it further

RESOLVED, That this resolution be incorporated in the minutes of this meeting.

#### 7. Board Resolution - Jill Anderson

Chairman Koelmel invited Ms. Jill Anderson to make a few remarks to the Board regarding her departure from the Authority.

#### Ms. Anderson provided the following remarks:

"As was announced today, this is my last meeting with the Trustees. I will be leaving NYPA in January as I am joining Southern California Edison, a utility near Los Angeles. I will be joining their leadership team working on many customer-type products and services that we have been doing here at NYPA. I have been at NYPA eight years and I'm very grateful to Gil, especially to the Board, to my fellow executive management committee members and to all the team members who I've worked with through the years who've taken some risks on me, given me new assignments and new responsibilities; It has been an incredible time of growth. My leave from NYPA is certainly bittersweet. It has become a home for me, but I think it's time for my family and I to start something new; so we are going to be relocating 3,000 miles away to California, to warmer weather, and we are looking forward to that, but I very much appreciate, and am grateful for, the time that I've had here at NYPA."

#### President Quiniones provided the following remarks:

"We are told by the Old Testament and, coincidentally, by the rock group 'The Birds,' a number of millennia later, that 'for everything there is a season and a time to every purpose under heaven.' That language provides us with a poetic justification for Jill Anderson's decision to leave us next month. As many of us have learned over the last few days, Jill has accepted a leadership position with Southern California Edison. She will be leaving us early next month and she will be missed. As the proclamation of the Board and the letter of commendation from Governor Andrew Cuomo beautifully attest, Jill's accomplishments throughout her eight years have been truly extraordinary. She is extensively lauded for her work as the co-author of the 'New York Energy Highway Blueprint,' her many achievements in energy efficiency, Build Smart NY, Five Cities, Recharge NY and, her favorite, Smart LED Lighting, and in such disparate areas such as regulatory affairs, small renewables like K-Solar, large-scale renewables, commercial operations, corporate communications and energy policy.

"I first met Jill in 2005 at City Hall in New York City and it was obvious who she would eventually become. She was already known as a brilliant young engineer at Con Edison and a rising star. She was in the midst of what was called the 3-G (Third Generation) Project of Con Edison. She was benchmarking smart grid projects all over large cities

around the world to help evolve the grid of Con Edison into its third generation; I recognized that this was someone that I wanted on my team. I tried to bring her into the Bloomberg administration in 2005, but it did not work out; but I was dogged and determined. Eventually, Jill came to NYPA in 2009 and when I became president and CEO I asked her to be my Chief of Staff; it turned out to be a great partnership. We listened to each other, understood and supported each other, both equally dedicated to whatever we were trying to achieve. Recognizing her considerable skills and unbelievably impressive learning curve, it made enormous sense to give her more assignments and greater responsibilities and, each time I did, she exceeded all my expectations and extended her growing legacy of achievement. Eventually, she became my co-pilot.

"Given all that she had accomplished, both internally and externally, Jill started to serve on a number of prestigious boards and the rest of the industry started to understand what she had to offer as she made her views known on a wide range of transformative energy issues. One area where Jill was definitely ahead of the curve was her insistence that many more women be recruited by, and elevated in, the utility industry, a world that had traditionally been way too 'male.' Always a person of action, she created 'Women in Power' so that NYPA would be a far more inclusive and diverse organization, one that better reflected the actual demographics of our customers and our state. Again, to no surprise, it became an incredibly popular group as it embraced all kinds of training while learning from a variety of speakers and thought leaders about what it takes to become effective leaders, male or female.

"In many ways, Jill is following a great tradition at NYPA; she has made her mark, established an amazing legacy and then move on to new challenges. For decades, we have attracted such larger-than-life individuals to the Power Authority. They come here because they have an enormous opportunity to make a difference, whether it is building hydro-electric plants in record time or creating the transmission backbone for our state; eventually they leave. Then, we are blessed with new, great leaders and they begin writing a new chapter for NYPA.

"As our turbines keep generating electricity, the lights stay on and life continues. Well, we know that is exactly what will happen after Jill leaves early next month. However, for now, we will take a moment to be a bit sad as we say goodbye to our wonderful colleague, Jill Anderson. She will definitely be missed by all of us, especially by me."

On behalf of the Board, Chairman Koelmel thanked Jill for everything she has done for the Authority and said that they look forward to watching the continued rise of her "star" in the years ahead.

Upon motion made by Trustee Trainor and seconded by Trustee Balboni, the attached resolution was unanimously adopted by the Board. (Exhibit "7-A")

#### 8. <u>Next Meeting</u>

The next meeting of the Canal Corporation's Board of Directors will be held on January 30, 2018, at the Clarence D. Rappleyea Building, White Plains, New York, at a time to be determined, unless otherwise designated by the Chairman with the concurrence of the Trustees.

#### Closing

Upon motion made by Trustee Balboni and seconded by Trustee Trainor, the meeting was adjourned at approximately 1:14 p.m.

Karen Delince

Karen Delince Corporate Secretary

# **EXHIBITS**

# For December 12, 2017 Regular Meeting Minutes

#### CYBER AND PHYSICAL SECURITY COMMITTEE CHARTER

#### A. <u>PURPOSE</u>

The Cyber and Physical Security Committee ("Committee") oversees and monitors physical and cyber security management processes. The responsibilities of the Committee are to: advise the Board of Trustees ("Board") and other Board committees on physical and cyber security matters and keep the Board and committees informed of current best security practices; engage with the New York Power Authority's ("Authority") management on alignment of security strategy and business objectives, company policies, organizational security initiatives, and review of compliance with physical security and information technology laws and regulations; recommend actions to promote sound planning by the Authority to protect its physical assets, cyber systems and information; and perform other responsibilities as the Board may assign to it.

#### **B.** MEMBERSHIP AND ORGANIZATION

#### (1) Committee Composition

The Committee shall be comprised of at least three independent members of the Board, who possess the necessary skills to understand the duties and functions of the Committee and be familiar with physical or cyber security. Committee members and the Committee Chair will be selected by a vote of the Board.

Committee members are prohibited from being an employee of the Authority or an immediate family member of an employee of the Authority. In addition, Committee members shall not engage in any private business transactions with the Authority or receive compensation from any private entity that has material business relationships with the Authority, or be an immediate family member of an individual that engages in private business transactions with the Authority or receives compensation from an entity that has material business relationships with the Authority.

#### (2) <u>Term</u>

Committee members will serve for a period of five years subject to their term of office under Public Authorities Law -§ 1003. Committee members may be reelected to serve for additional periods of five years subject to their term of office. A Committee member may resign his or her position on the Committee while continuing to serve as a Trustee. In the event of a vacancy on the Committee due to death, resignation or otherwise, a successor will be selected to serve in the manner and for the term described above.

#### (3) Removal

A Committee member may be removed if he or she is removed as a Trustee for cause, subject to Public Authorities Law § 2827, or is no longer eligible to serve as a Committee member.

#### (4) Meetings and Quorum

The quorum of the Committee is a majority of the number of regular Committee members selected by the Board of Trustees.

A majority vote of all Committee members present is required to take action on a matter.

The Committee shall hold regularly scheduled meetings as it determines necessary to carry out its responsibilities. A Committee member may call a special meeting of the Committee individually, or upon the request of the Authority's Chair, President and Chief Executive Officer ("CEO"), Executive Vice President and Chief Operating Officer ("COO"), Executive Vice President and General Counsel ("GC"), Chief Information Officer ("CIO"), Cyber Information Security Officer ("CISO") or Chief Risk Officer ("CRO"). The notice of meeting need not state the purpose for which the meeting has been called. In order to transact business, a quorum must be present. The Committee may meet independently with the Authority's CEO, COO, GC, CIO, CISO or CRO on matters or issues and items within the Committee's purview as it deems necessary. These meetings may be held as part of a regular or special meeting at the Committee's discretion.

An agenda will be prepared and distributed to each Committee member prior to each meeting and minutes of each meeting will be prepared in accordance with the New York Open Meetings Law. Minutes of the meeting should include, at a minimum:

- a. Date; location; time meeting was called to order and adjourned; and if other Board committee (e.g., Finance Committee) is meeting simultaneously.
- b. Title and name of attendees; public comments period; title and name of public speakers.
- c. Approval of the official proceedings of the previous month's Committee meeting.
- d. Follow-up items including communications to the Committee of the current status of selected open issues, concerns, or matters previously brought to the Committee's attention or requested by the Committee.
- e. Status of security activities, as appropriate; representatives of the Authority's management will discuss with the Committee security strategy, significant security issues, the status of security initiatives, and the actions taken by agency management to ensure compliance with legal and regulatory mandates related to physical and cyber security.

- f. Copies of handouts or materials presented to the Committee.
- g. Notwithstanding the foregoing, information identified by NYPA to be non-public due to its sensitivity shall not be including in the meeting minutes; a notation for non-public security information may be recorded in the minutes.

Any meeting of the Committee may be conducted by video conferencing. To the extent permitted by law, the Committee may hold meetings or portions of meetings in executive session.

#### C. <u>FUNCTIONS AND POWERS</u>

#### (1) General Powers and Governance Practices

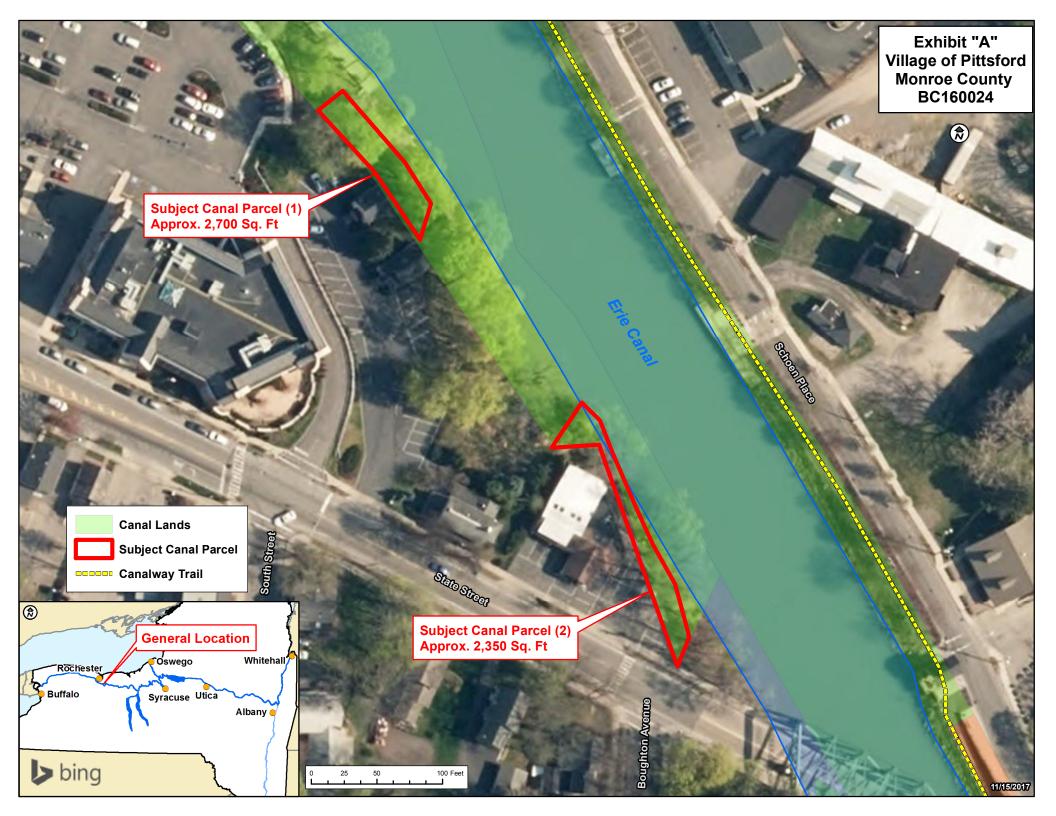
The Committee shall seek to: (1) ensure the effectiveness of management's monitoring of the Authority's security posture and programs, the Authority's compliance with its security policies and legal and regulatory mandates, and implementation of physical and cyber security controls; and (2) promote best security practices by Authority's Board members, officers and employees. To accomplish these objectives the Committee shall:

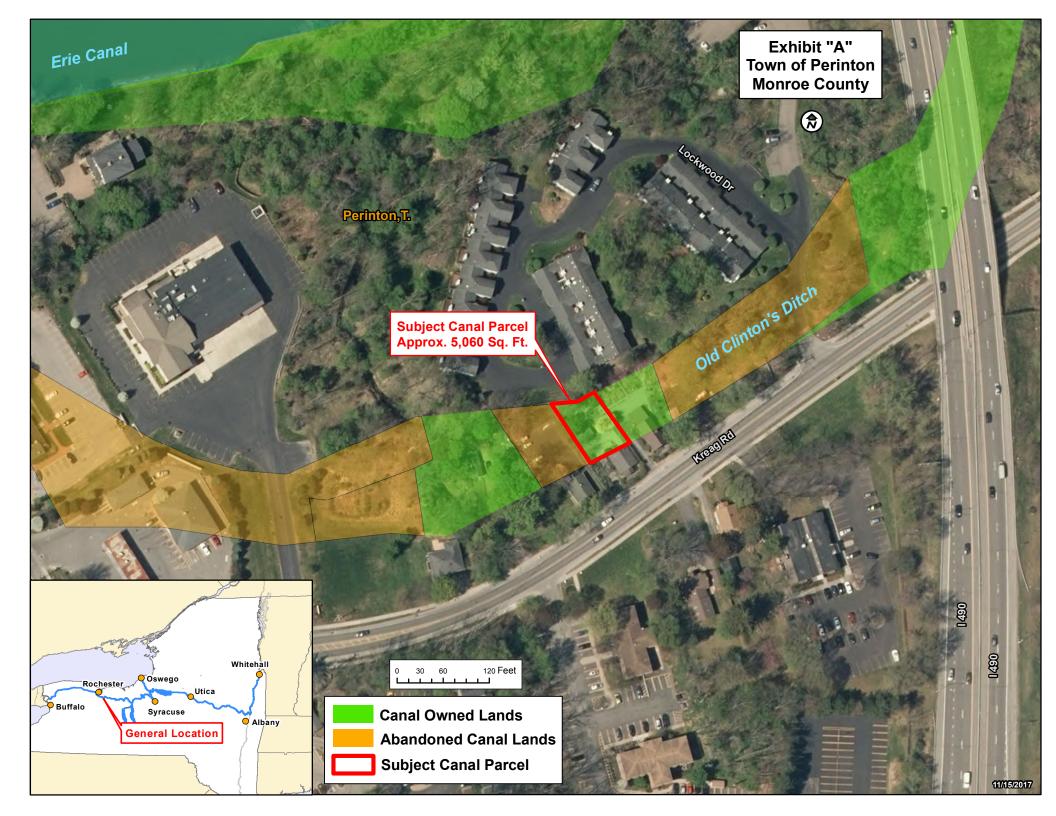
- a. Review the Authority's Cyber Security Policy and Physical Security Program Policy and require the Corporate Secretary to coordinate revisions to such policies for consideration and approval by the Board.
- b. Provide oversight and guidance to the Authority's Chief Information Security Officer and Director Physical Infrastructure Security relating to the programs and policies of the Authority designed to address physical and cyber security.
- c. Advise the Board on current best security practices and trends.
- d. Report to the Board on matters relating to the Authority's security posture and compliance with security and policies and legal and regulatory mandates, and make such recommendations to the Board as the Committee deems appropriate.

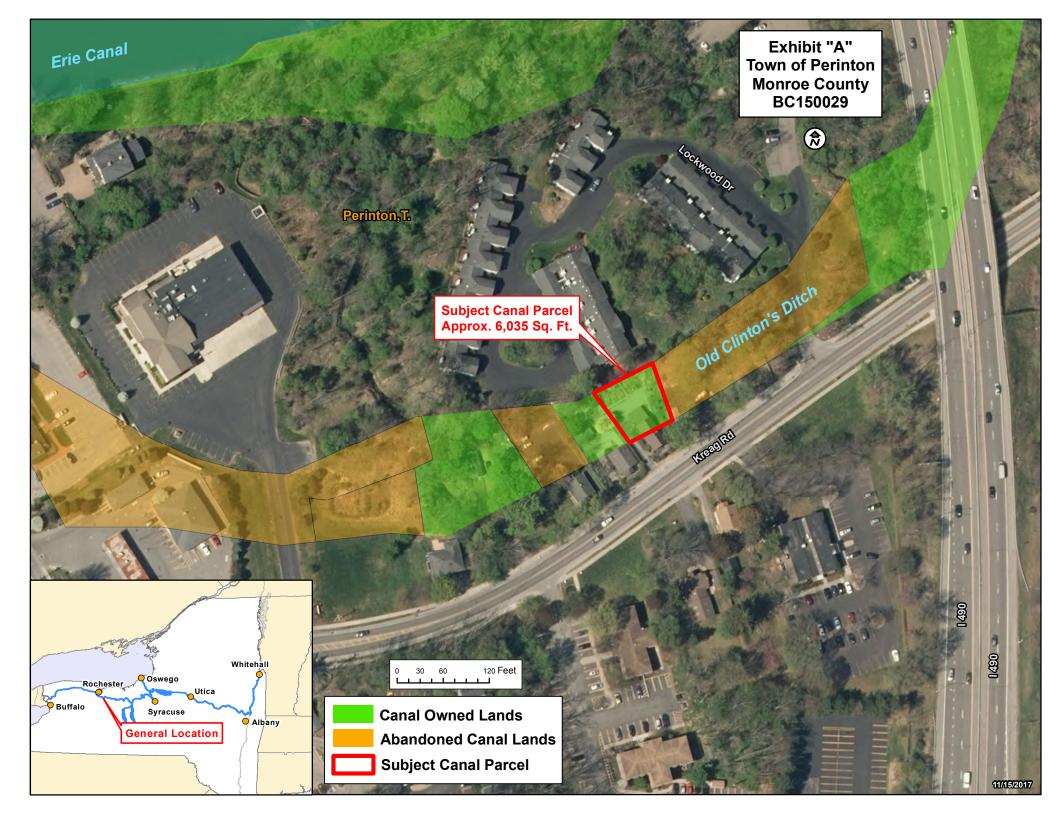
#### (2) Reports

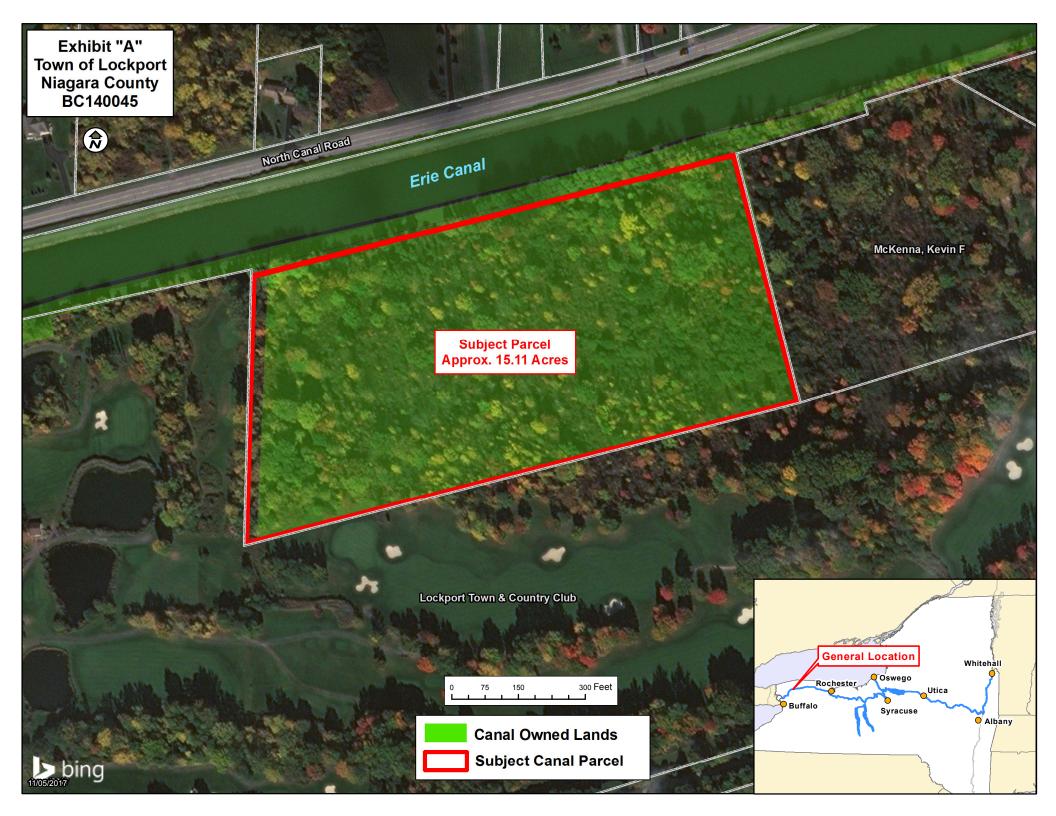
The Chief Information Security Officer and the Director Physical Infrastructure Security shall report to the Committee at all regularly scheduled meetings.

The Committee shall have the authority to require Technical Compliance and Information Technology staff to prepare additional reports and to produce documents for Committee review.











# **NYPA Risk Management**

Soubhagya Parija Chief Risk Officer, Senior Vice President

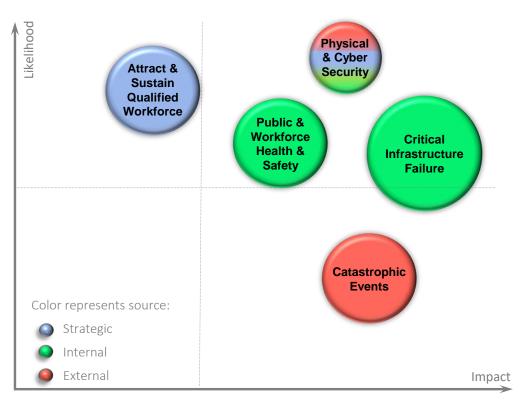
## **NYCC Risk Assessment**



- Sources of Risk Information:
  - · Canals Site Visits
  - Pre and Post integration work with KPMG and Risk Owners
  - Interviews with:
    - NYPA and Canals Subject Matter Experts
    - Consultants
  - Rizzo Asset Evaluation Report
  - Insurance Team Asset Review
- Validated Assessment findings:
  - Feedback from leadership
  - Performed Root Cause Analysis



# **NYCC Top Enterprise Risks**



- Working with Canals Management, Finance, and Operations Teams
  - Review Budget Plan
  - Refine Permitting process
  - Risk transfers through Insurance products
  - Monthly Risk Meetings
  - Dedicated Risk
     Management Staff



## What's Next for NYCC

# Today

- Reimagine Canals initiative
- Optimize Navigation Season
- Shed unnecessary assets
- Enhance early detection flood warning systems
- Staffing

## **Tomorrow**

- Fully staffed expertise
- Multiple year preventive maintenance and CapEx plan
- Self Insurance of Workers Comp Program
- Removal of obsolete equipment

## Future

- Canals Reimagined:
  - Well preserved National Landmark
  - Community Benefits
- Balance recreational aspect with valid business logic
- Business Resiliency



Whitehall Marina - Champlain Canal Whitehall, NY



# Risk Management is Working Across Multiple Fronts

Reputation Management Tool Kit

Key Risk
Management
Activities

Canals Risk Management

Business Resiliency Stress Testing

Business Continuity Plans

Owner Controlled Insurance Program (OCIP)





# **Appendix - Key Risk Indicators**



# **Key Risk Indicator Dashboard**

Top Risks	Key Risk Indicators – September 2017	Current	Prior
	Balance of 2017 Zone A Historical Forward Prices vs. Budget	<u></u>	
Sustained Low Power Prices	Calendar 2018 Zone A Historical Forward Pricing vs. Est. Budget	<b>()</b>	
	Balance of 2017 ROS Capacity Historical Forward Prices vs. Budget		
	Calendar 2018 ROS Capacity Historical Forward Prices vs. Est. Budget		
Hydro Flow Volumes	Current Monthly Forecast vs. Previous Month and Budget	<b>()</b>	
Commodity Market Volatility	% Hedged Positions vs. Target	0	•
Attract & Retain Qualified Workforce	Salaried Voluntary Turnovers vs. Vacancy Rate	<b>Q</b>	0
	Retirement Eligible 2017 – 2020+	<b>()</b>	<u> </u>
Markforce Health and Cafety	• DART Rate		
Workforce Health and Safety	Near Miss Reporting	•	•
Catastrophia Events	Drills and Exercises		0
Catastrophic Events	Closure of After-Action Reports		0
Cyber Security	Cyber Security Implementation Matrix	•	•
Cyber Security	Protect, Detect and Response Performance Time	<b>()</b>	•
Regulatory/ Legislative Environment	Federal Regulation/Legislation Potentially Impacting NYPA	<b>()</b>	<b>9</b>











# **Key Risk Indicators: Strategic**

Unfavorable

Stable





#### **Sustained Low Power Prices**

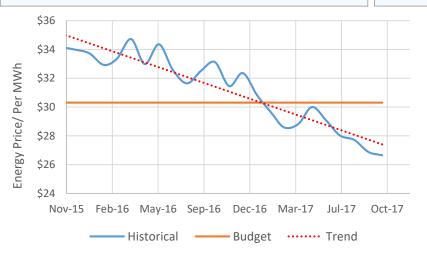
Balance of 2017 Zone A Historical Forward Prices versus Budget



#### **Sustained Low Power Prices**

Calendar 2018 Zone A Historical Forward Prices versus Estimated Budget







Energy prices continue in a downward trend. NYPA continues to explore revenue diversification opportunities to offset low power prices.



# **Key Risk Indicators: Strategic**

#### Unfavorable

Stable

Favorable





#### **Sustained Low Power Prices**

Balance of 2017 ROS Capacity Historical Forward Prices versus Budget





ROS Capacity forward prices continue in a downward trend. PJM continues to import high amounts into the NYCA which help explain the lower capacity prices.

#### **Sustained Low Power Prices**

Calendar 2018 ROS Capacity Historical Forward Prices versus Estimated Budget





ROS capacity price projections continue to trend down due the supply demand imbalance. We are exploring long term hedging options such as utility auctions.



NY Power Authority Canal Corporation

# **Key Risk Indicators: External**

Unfavorable

Stable

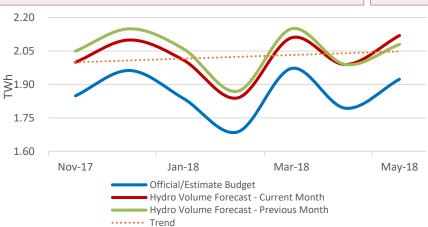
Favorable



#### **Hydro Flow Volumes**

Current Monthly Forecast versus Previous Month and Budget



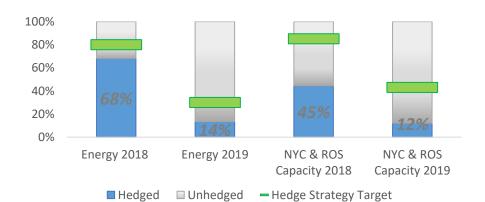


Water levels on each of the Great Lakes remain well above average. The hydro flow volume forecast continues to trend above the budgeted projections for the remainder of 2017 and 2018 which helps mitigate the impact of low power prices.

## **Commodity Market Volatility**

Hedged Positions: Percentage Hedged versus Target





The Executive Risk Management Committee recently approved a temporary increase in hedging limits for NYC capacity in the ConEd auction. As a result, the gross margin of the merchant portfolio has increased and merchant revenue has been locked-in for the coming years. Overall, hedge levels remain below target.



NY Power Authority Canal Corporation

# **Key Risk Indicators: Internal**

# Unfavorable

Stable

**Favorable** 



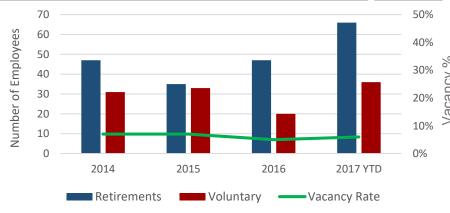


#### **Attract & Sustain Qualified** Workforce

Historic Attrition & Ability to Fill Open Positons: Salaried Voluntary Turnovers versus Vacancy Rate



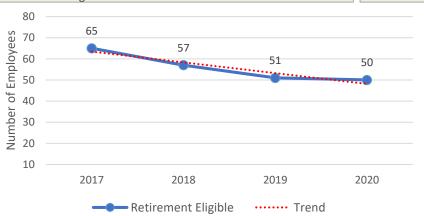




#### **Attract & Sustain Qualified** Workforce

Projection of Employees Retiring: Retirement Eligible 2017-2020





Retirements compared to vacancy rates remain stable, indicating a balance between available qualified resources and vacancies. The ability to attract qualified individuals to fill vacancies from turnovers also remains stable thereby providing the opportunity to enhance the overall quality of the workforce. Implementation of the Human Resources Maturity Model is having a positive impact on the Attract & Sustain Qualified Workforce Risk. In addition, enhanced succession planning efforts have aided in reducing the exposure as employees retire. Knowledge management initiatives have also enhanced project and process continuity during employee transitions.



# **Key Risk Indicators: Internal**

### Unfavorable

Stable

Favorable





#### **Workforce Health & Safety**

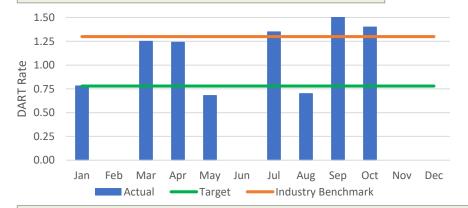
Days away from work, Restricted or job Transfer (DART): Quantifies NYPA's ability to limit the severity of recordable incidents resulting from NYPA operations by tracking number of lost time, restricted work and job transfer incidents

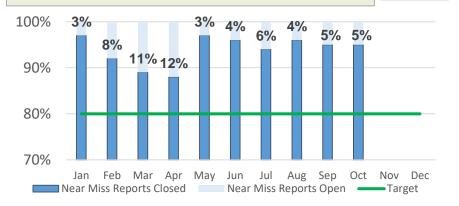


### **Workforce Health & Safety**

Near Miss Reporting: An indicator to mitigate noted hazards to prevent them from escalating to more serious incidents.







The two DART iniuries recorded in October were Retro DARTs from an employee straining their ankle after a fall in September and an employee requiring surgery after straining their knee while carrying equipment in March. Both of these injuries resulted in the employees being out of work. The vear-to-date DART Rate through October of 0.95 is above the target of 0.78. Near Miss Reporting continues to have a favorable closure rate well above the 80% target.



# **Key Risk Indicators: External**

Unfavorable

Stable

Favorable



#### **Cyber Security**

Cyber Security Implementation Matrix reflects the key initiatives undertaken to reduce risk



Activities	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017
<ol> <li>Reputational risk management framework phase 1 &amp; 2</li> </ol>									
2. Enterprise level business resiliency integration									
<ol> <li>Enterprise level technology architecture</li> </ol>									
4. Enterprise level security architecture									
5. Cyber maturity development									
<ol> <li>Enterprise data classification and security</li> </ol>									

Cyber Maturity Development - Visibility and Governance are key efforts in 2017 and in 2018 while building improved Identity and access management processes to protect data and users at NYPA and in the cloud.

#### **Cyber Security**

**Protect:** Corporate Protection Status **Detection:** Corporate Detection Status

Respond: Response time from detection to remediation







and protection



Detect

Continued threat and vulnerability monitoring improvements



Updated Cyber Incident plan active and monitoring in place

Respond

Protect metrics are overall flat as protections are stable and are performing as expected. Detect metric is rising as NYPA has acquired a Cloud Security Module which discovers all cloud services on and off the network. Respond metric remains flat as all drills and preparations for NERC CIP audit were completed as planned with future team drills planned in the future as well.



NY Power Authority Canal Corporation

# **Key Risk Indicators: External**

Unfavorable

Stable

Favorable







#### **Catastrophic Events**

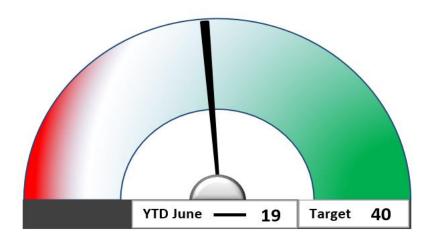
Drills & Exercises (Semi-Annual) Captures the number of drills conducted at a NYPA facility to prepare for future uncertainties

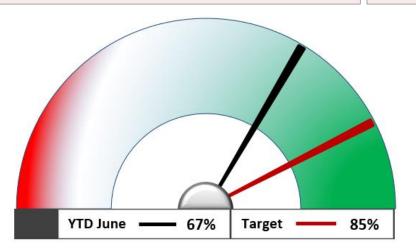


#### **Catastrophic Events**

Closure of After-Action Reports (Semi-Annual) Incorporating lessons learned to improve emergent response capability







The drills and exercises being conducted have included additional stakeholders (where applicable) and designed to challenge the participants resulting in positive dialog and collaboration among stakeholders. As the Emergency management program continues to mature, we will explore alternate metrics around this risk and employ lesson learned.

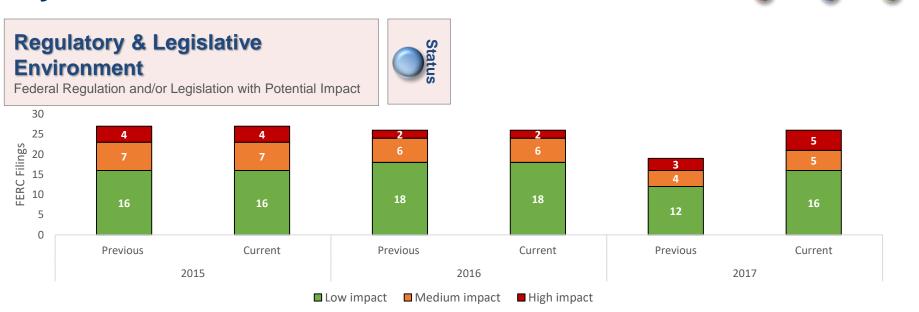


Favorable

Stable

Unfavorable

# **Key Risk Indicators: External**



Currently, the FERC filings that potentially have the highest impact to NYPA involve the cost allocations surrounding the Hudson Transmission Project ("HTP"). NYPA is contesting that the current allocations, as determined by PJM, for HTP are unjust and unreasonable. In addition, in an effort to avoid future system charges, NYPA and HTP are seeking permission from FERC to amend its Interconnection Agreement with Public Service Electric and Gas Company ("PSE&G") to surrender its firm transmission withdrawal rights.

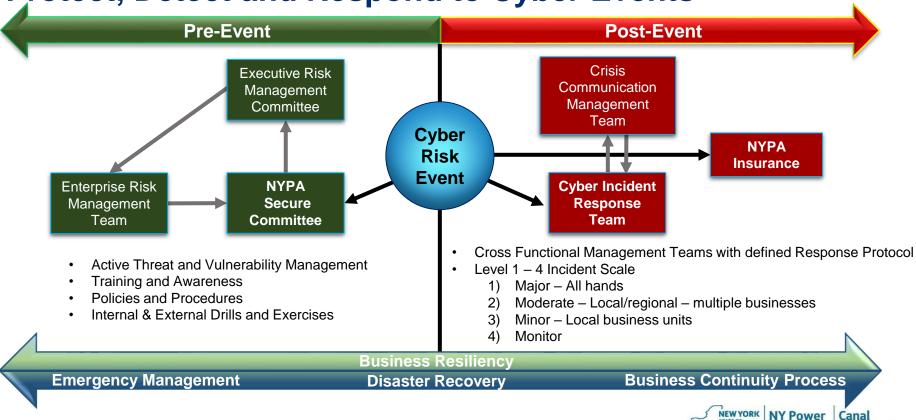


# **Appendix – Cyber Risk Event Management**

Authority

Corporation

# **Protect, Detect and Respond to Cyber Events**



# Appendix – Merchant Portfolio Performance

# **Merchant Portfolio Hedging Performance**

Gross Margin (Millions)												
			2017			2018	2019				2020	
Targets					\$	361		\$	354		\$	361
Current	:	\$	413		\$	333		\$	336		\$	351
Last Month	:	\$	412		\$	336		\$	345		\$	360
Change	<b>企</b>	\$	1	<b>!</b> (\$		(\$3)	₽	(\$9)		む	(	\$9)

 In 2018, Merchant portfolio is \$28 million below the gross margin target of \$361 million due to continued low energy and UCAP price environment

#### Gross Margin-at-Risk (Millions)

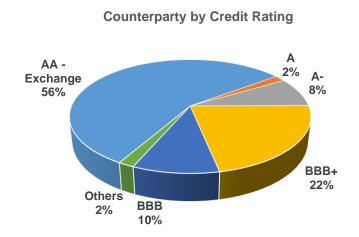


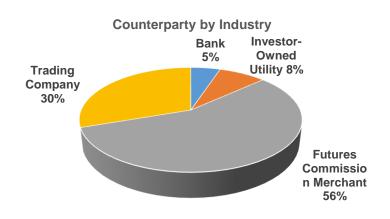
 NYPA's portfolio hedging strategy continues to reduce downside risk while leaving the opportunity for upside margin capture



## **Merchant Portfolio Counterparties**

Credit Exposure (Outstanding Notional Swaps)





NYPA continues to enter into transactions with highly-rated counterparties to minimize credit risk



# RESOLUTION

Whereas, the New York State public and private utility workers who have been deployed to Puerto Rico are providing heroic technical and logistical expertise and are going to great lengths to restore electric service; and

Whereas, the staff of the New York Power Authority operations and management are demonstrating enormous leadership in this rescue effort, as they contend with the massive damage caused by hurricanes Irma and Maria. They are daily providing extraordinary examples of the public power mission in action and are writing another proud chapter in the Power Authority's eminent history; and

Whereas, we are enormously grateful for what our transmission and distribution system experts from across New York State have already accomplished, as they bring back the lights of schools, homes, businesses, hospitals and municipal buildings in urban and rural areas across Puerto Rico; and

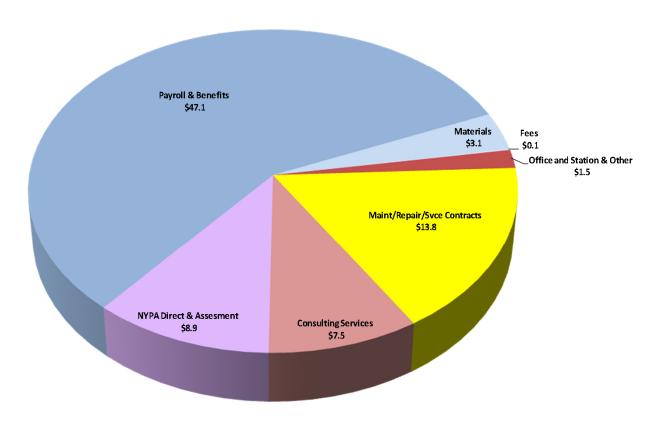
Whereas, the Power Authority workers are applying the many lessons gained from dealing with past storms in New York and will take the necessary steps to enable the Puerto Rican power system to be more resilient in the future; and

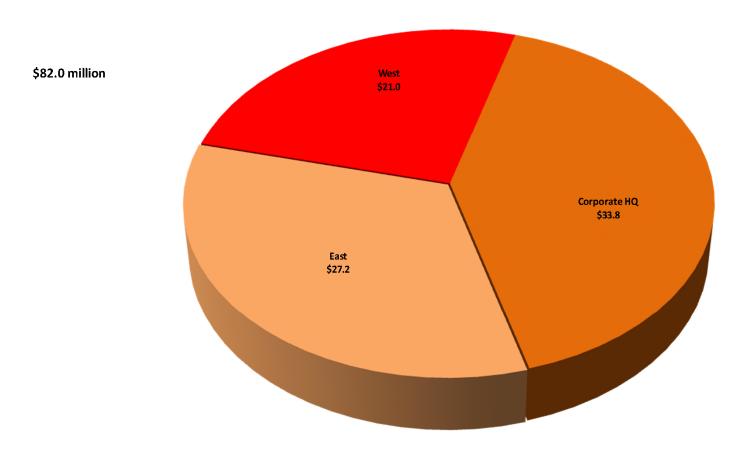
Whereas, each and every rescue worker from NYPA and the other New York utilities reveals a generosity of spirit in overcoming unimaginable challenges. They deeply care about helping our Puerto Rican brothers and sisters recover from the enormous hardships caused by the incredibly destructive storms that struck the island. They are true public servants;

Now, Therefore Be It Resolved, that the Trustees of the Power Authority of the State of New York express their deepest thanks and gratitude to the New York State delegation of utility workers who will be remembered throughout Puerto Rico for all they have accomplished over the past few months and what they will do in the future.

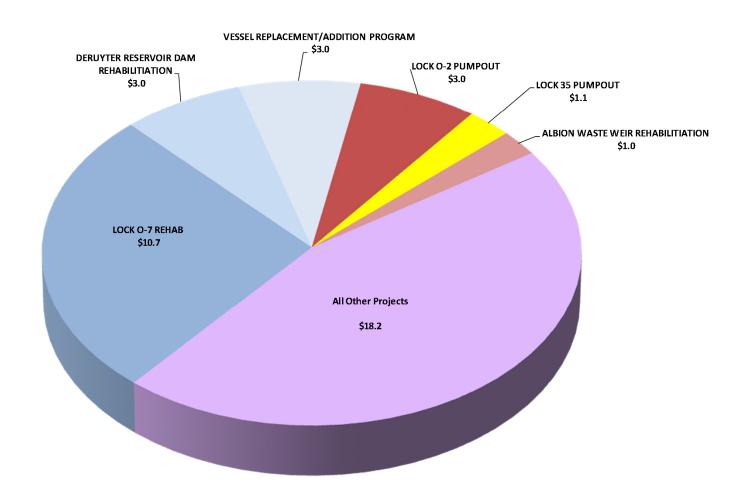


\$82.0 million





#### \$40.0 million



# RESOLUTION

Whereas, Jill C.Anderson, the Executive Vice President for Commercial Operations for the New York Power Authority (NYPA), has been a deeply respected and greatly accomplished leader throughout her eight years of service, and,

Whereas, Ms. Anderson had responsibility for all wholesale and retail operations, oversaw \$2 billion in annual revenues from NYPA's 16 power generation assets, and presided over trading, fuel operations, and hedging, as well as business development for new transmission and generation activities. She also oversaw customer operations that included sales, marketing, new products and technology, the implementation of over \$200 million-a-year in energy efficiency sales and administered the Information Technology group, and,

Whereas, Ms. Anderson has also led such critical areas as energy policy, sustainability, corporate communications and public & regulatory affairs. Joining NYPA in 2009, she developed progressive energy policies and clean technology initiatives that are substantially transforming the utility industry throughout New York State. An important milestone of this effort includes one of the nation's most ambitious large-scale renewable programs, and,

Whereas, guided by her strong professional and personal conviction that climate change is everyone's business, Ms. Anderson made major strides in developing productive public and private sector partnerships that will help New York to achieve Governor Andrew Cuomo's mandate of generating 50% of its electricity with renewable resources by 2030, and,

Whereas, Ms. Anderson was a co-author of Governor Cuomo's New York Energy Highway Blueprint, which served as the primary document of record for upgrading and modernizing the state's electric power system and making it more resilient to extreme weather events such as Tropical Storms Irene and Lee in 2011 and Super Storm Sandy in 2012. As a result of this well-designed strategy, New York State has made significant strides in this regard and integrating clean energy, and,

Whereas, Ms. Anderson strongly believes the energy industry must welcome a new generation of female engineers and provide them with the skills required for leadership positions. With this most worthwhile goal in mind, she founded "Women in Power" at NYPA, an employee resource group. This popular and dynamic organization enables women at the Power Authority to develop the tools and networking skills necessary to advance their careers, and,

Whereas, as part of this effort to attract well-qualified women to NYPA, Ms. Anderson worked closely with NYPA's Human Resources Department in designing innovative recruitment strategies and a robust mentoring program. She traveled to every NYPA facility to explain why mentoring and sponsorship are essential for personal and professional growth, and to a corporate culture that encourages innovation and continuous learning, and,

Whereas, Ms. Anderson's dedication to technological education is also evident in NYPA's K-Solar program to help school districts in the state install solar power. K-Solar, which includes a STEM (Science, Technology, Engineering and Math) component, will eventually enable thousands of students across New York to develop a much better understanding of the energy challenges in the coming decades, and,

Whereas, Ms. Anderson works with the Girl Scouts on activities designed to encourage young women to pursue careers in technical STEM fields. She has worked with the Girl Scouts Heart of the Hudson, which includes more than 30,000 girls across seven counties in southern New York, and,

Whereas, Ms. Anderson, in recognition of her extraordinary abilities and achievements, serves on the Board of Directors of several organizations, including the Smart Electric Power Alliance, Building Energy Exchange, and Urban Green Council, an affiliate of the U.S. Green Building Council. She was also selected as New York City & State Rising Stars, "40 under 40 class of 2012" and one of the "2015 Women Worth Watching" by Diversity Journal,

Now Therefore Be It Resolved, That the Trustees of the Power Authority of the State of New York express their thanks and gratitude to Jill Anderson for her many achievements and convey to her husband, Jim, and their daughters, Vivian and Clara, sincere wishes for many healthy, happy and rewarding years ahead.

