



**MINUTES OF THE JOINT MEETING
OF THE FINANCE COMMITTEE
July 16, 2020**

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Minutes of the joint meeting of the New York Power Authority and Canal Corporation's Finance Committee held via videoconference at approximately 10:15 a.m.

Members of the Finance Committee present were:

Tracy B. McKibben - Chair
John R. Koelmel
Eugene Nicandri
Anthony Picente, Jr.
Dennis Trainor
Michael Balboni

Also in attendance were:

Gil Quiniones	President and Chief Executive Officer
Justin Driscoll	Executive Vice President and General Counsel
Adam Barsky	Executive Vice President and Chief Financial Officer
Joseph Kessler	Executive Vice President and Chief Operations Officer
Kristine Pizzo	Executive Vice President and Chief Human Resources & Administrative Officer
Sarah Salati	Executive Vice President and Chief Commercial Officer
Lee Garza	Senior Vice President – Financial Operations
Yves Noel	Senior Vice President – Strategy and Corporate Development
Soubhagya Parija	Senior Vice President and Chief Risk Officer
Robert Piascik	Senior Vice President and Chief Information Officer
Karen Delince	Vice President and Corporate Secretary
Daniella Piper	Vice President – Digital Transformation / Chief of Staff
John Canale	Vice President – Strategic Supply Management
Joseph Leary	Vice President – Community and Government Relations
Patricia Lombardi	Vice President – Project Manager
Anne Reasoner	Vice President – Budgets & Business Controls
Ethan Riegelhaupt	Vice President – Corporate Communications
Scott Tetenman	Vice President – Finance
Evan Yager	Vice President – Enterprise Portfolio Management Office
Thakur Sundeep	Controller
Christina Reynolds	Treasurer
James Levine	Assistant General Counsel – Finance & Bonds
Victoria Neville	Senior Director – Corporate Communications
Thomas Spencer	Senior Director – Enterprise Risk
Susan Craig	Director – Media Relations
Maribel Cruz	Director – Projects
Ali Munawar Mohammed	Director – Digital Transformation Office
Evan Kolkos	Senior Manager – Customer Business Development
Mary Cahill	Manager – Executive Office
Paul DeMichele	Project Manager – Media Relations
Christopher Vitale	Senior Finance Project Manager
Lorna Johnson	Senior Associate Corporate Secretary
Sheila Quatrocci	Associate Corporate Secretary
Michele Stockwell	Project Coordinator – Executive Office

Chairperson Tracy McKibben presided over the meeting. Corporate Secretary Delince kept the Minutes.

Introduction

Chairperson Tracy McKibben welcomed committee members and the Authority's senior staff to the meeting. She said that the meeting had been duly noticed as required by the Open Meetings Law and called the meeting to order pursuant to Section B(4) of the Finance Committee Charter.

1. **Adoption of the May 14, 2020 Proposed Meeting Agenda**

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

Conflicts of Interest

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

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

Mr. Chairman, I move that the Committee conduct an executive session to discuss the financial and credit history of a particular corporation and matters regarding public safety and security pursuant to Section 105 of the Public Officers Law. On motion made by member John Koelmel and seconded by member Eugene Nicandri, the members conducted an executive session.

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

I move that the meeting resume in open session. On motion made by member Michael Balboni and seconded by member Dennis Trainor, the meeting resumed in open session.

Chairperson McKibben said no votes were taken during the executive session.

4. DISCUSSION AGENDA

a. Financial Operations

i. Chief Financial Officer Report

Mr. Adam Barsky, Executive Vice President and Chief Financial Officer, provided an update on the Authority's financials for the period January – May 2020 (Exhibit 4a i-A).

NET INCOME

**5+7 Year-to-Date Actuals
(YTD Actuals – January-May 2020)**

Net Income for the first five months of the year was negative \$11 million. This was primarily driven by the lower energy prices, some reduction in load and demand, but mostly through the price depression, which was much lower than originally budgeted.

Expenses have typically been on target; however, there are additional expenses related to the Covid-19 response reflecting that portion which would not be reimbursed by FEMA.

**5+7 Full-Year Forecast
Year-end Projection (January – December 2020)**

The full-year forecast is negative \$43 million. This is also primarily driven by the lower energy prices. Reflected in this forecast are two major items that resulted in the negative \$43 million, namely, the issue of additional RTEP charges related to the HTP line. While this matter continues to be contested and, hopefully, adjudicated over the course of time, the Authority have reflected a liability, in the interim, as a conservative measure, going forward, in terms of the full-year numbers. The other major item is the fact that the Authority's transmission revenue requirement, which begins July 1, 2020 through July 2021, has increased, as a total, for the transmission calendar year, \$40 million, of which \$20 million will be realized in 2020.

The Authority will continue to monitor its expenses. At the upcoming Board meeting on July 28, the members will be provided with an update on the 6+6 forecast (the first is the 6 actual months (January to June) and the second is the forecast months, the 6 remaining months of the year).

ii. **Actions in Support of the Authority's Customer Energy Efficiency Programs: Assignment and Release of Assets – Energy Efficiency Loans**

The President and Chief Executive Officer submitted the following report:

SUMMARY

In connection with the Authority's Energy Efficiency Program, the Trustees at their July 28, 2020 meeting, will be requested to authorize the assignment and release, to one or more of the prequalified financial institutions selected by the Trustees at their September 2019 meeting, of up to \$200 million of loans made by the Authority to customers in its Governmental Customer Energy Efficiency Program ('GCEEP') and Statewide Energy Efficiency Program ('Statewide EEP' and, together with the GCEEP, 'Customer Energy Efficiency Programs'). This asset assignment and release will improve NYPA's liquidity, allow for additional capital for the Authority's Customer Energy Efficiency Programs for future eligible program participants across New York State, and strengthen the Authority's credit metrics.

The Finance Committee is requested to recommend that the Trustees approve the aforementioned request.

BACKGROUND

As deemed feasible and advisable by the Trustees, the Authority has been authorized to finance, design, develop, construct, implement, provide, and administer energy-related projects, programs, and services for eligible customers. See, e.g., Public Authorities Law §1005(17)(a).

The Authority is authorized to issue bonds for the purpose of financing any authorized project and to issue notes in the same manner as bonds. See, e.g., Public Authorities Law §1010 and §1009-a. The proceeds of such bonds may be loaned to customers to finance projects under the Authority's Customer Energy Efficiency Programs. As of May 1, 2020, the Authority had energy efficiency loans outstanding to customers in the Customer Energy Efficiency Programs in the amount of approximately \$550 million, had issued approximately \$460 million in commercial paper notes to finance such loans, and had construction work in progress of approximately \$285 million.

DISCUSSION

Management is undertaking the monetization of certain energy efficiency loans, in this case through an assignment, to not only to improve the Authority's liquidity and credit profile, but also to create a programmatic approach to providing additional funding to mission critical programs that address the Executive Order and further New York State's energy goals. The assignment of such loans will include the assignment and release of any future payments under such loans and the release of any security interests relating to the same. Such assignments will be implemented pursuant to (i) a Long Term Financing Supplement to a Final Customer CIC or CPC (the 'Long Term Financing Supplement'), to be executed by and between the Authority and the applicable public entities, and (ii) an assignment agreement by and between the Authority and the financial institution purchasing the loans.

The proceeds of the assignment of the loans will be deposited into the Operating Fund pursuant to Section 503 of the Authority's General Resolution Authorizing Revenue Obligations, as amended and supplemented (the 'General Resolution') and will be applied to the payment of any related outstanding commercial paper obligations of the Authority or for any other lawful purpose of the Authority in accordance with the General Resolution.

Staff is preparing for the assignment and release of energy efficiency loans through a private placement to one or more of the prequalified financial institutions selected by the Board of Trustees in September 2019 (the 'Assignee'). Staff anticipates up to \$200 million in energy efficiency loans may be assigned in this manner. These loan assignments will constitute true sales of the loans to the Assignee.

After assignment, the customers will be obligated to make loan payments to the Assignee and loan payments will not be an obligation of the Authority. Furthermore, these loans will be assigned at full value as represented on the Authority's books at the time of assignment (i.e., no discount sales). The Authority may continue to service the loans with its customers post-assignment, through a Master Servicing Agreement, which will generate servicing fees for the Authority; however, the Authority will retain no financial loan obligation.

Staff believes that the assignments of these loans in the Authority's Customer Energy Efficiency Programs will improve the Authority's liquidity, allow for additional capital for the Authority's Customer Energy Efficiency Programs for future eligible program participants across New York State and strengthen the Authority's credit metrics.

For the reasons stated above, staff believes that the assignment of the energy efficiency loans as described in this report is advisable and such energy efficiency loans are not essential to the maintenance and continued operation of the rest of the Authority's Projects (as defined in the Bond Resolution).

RECOMMENDATION

The Chief Financial Officer requests that the Finance Committee recommends that the Trustees authorize the assignment and release, to one or more of the prequalified financial institutions selected by the Trustees at their September 2019 meeting, of up to \$200 million of loans made by the Authority to customers in its Customer Energy Efficiency Programs.

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

Ms. Sarah Salati, Executive Vice President and Chief Commercial Officer and Mr. Adam Barsky, executive Vice President and Chief Financial Officer, provided highlights staff's recommendation to the committee.

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

RESOLVED, That the Finance Committee recommends that the Trustees hereby authorize the assignment and release to one or more of the prequalified financial institutions selected by the Trustees at their September 2019 meeting of certain outstanding loans, in an aggregate amount not to exceed \$200,000,000, made by the Authority to certain public entities in order to finance the design, development, construction, implementation and administration of energy-related projects, programs and services for such public entities in accordance with Section 1005 (17) of the Power Authority Act; and be it further

RESOLVED, that the assignment and release of the loans described in this report is advisable and such loans are not essential to the maintenance and continued operation of the rest of the Authority's Projects (as defined in the Authority's General Resolution Authorizing Revenue Obligations, as amended and supplemented (the "Bond Resolution"); and be it further

RESOLVED, That the assignment and release of such loans includes the release of any future payments under such loans and any security interests relating to the same and such release will be

undertaken pursuant to a (i) Long Term Financing Supplement to a Final Customer CIC or CPC (the "Long Term Financing Supplement"), to be executed by and between the Authority and the applicable public entities, and (ii) an assignment agreement by and between the Authority and the financial institution purchasing the loans (the "Assignment Agreement"); and be it further

RESOLVED, That the Authority in its discretion may act as servicer of the loans so assigned and released pursuant to a Master Servicing Agreement (the "Servicing Agreement") by and between the Authority and the financial institution; and be it further

RESOLVED, That the proceeds of the assignment and release of the loans will be deposited into the Operating Fund pursuant to Section 503 of the Bond Resolution; and be it further

RESOLVED, that the proceeds of the assignment and release of the loans shall be applied to the payment of any related outstanding commercial paper obligations of the Authority or may be used any other lawful purpose of the Authority in accordance with the Bond Resolution, and be it further

RESOLVED, That the Chairman, the Vice Chairman, the President and Chief Executive Officer, the Chief Operating Officer, the Executive Vice President and General Counsel, the Executive Vice President and Chief Financial Officer, the Corporate Secretary, the Treasurer and all other officers of the Authority be, and each of them hereby is, authorized and directed, for and in the name and on behalf of the Authority, to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements (including the Long Term Financing Supplement, the Assignment Agreement and the Servicing Agreement) and any other documents that they, or any of them, may deem necessary or advisable to effectuate the foregoing resolution, subject to approval as to the form thereof by the Executive Vice President and General Counsel.

b. Utility Operations

i. St. Lawrence-Power Project – Replacement of Plattsburgh Auto-transformer No.1 – Capital Expenditure Authorization Request and Contract Award

The President and Chief Executive Officer submitted the following report:

“SUMMARY

The Trustees will be requested at their July 28, 2020 meeting to approve capital expenditures in the amount of \$11.8 million, for the Replacement of Plattsburgh Autotransformer No. 1 Project ('Project'). Included in this request, is also the award of a competitively bid, two-and-half year equipment contract in the amount of \$7,339,641 to Royal SMIT Transformers of Nijmegen, The Netherlands. This contract is for the design, manufacture, delivery, assembly and commissioning of the new Plattsburgh Autotransformer No. 1 and the Robert Moses Autotransformer No. 2. In addition, the Finance Committee is requested to recommend that the Trustees waive the requirements of Article 22 – Steel Components, from the Authority's 'Agreement' document.

Capital Expenditures in the amount of \$300,000 for preliminary engineering, were previously approved by the President and Chief Executive Officer in September 2019, bringing the total estimated Project cost to \$12.1 million.

The Finance Committee is requested to recommend to the Trustees the approval of capital expenditures in the amount of \$11.8 million and approval of the contract for the implementation of the Project.

BACKGROUND

Section 2879 of the Public Authorities Law and the Authority's Guidelines for Procurement Contracts require the Trustees' approval for material contracts involving services to be rendered for a period in excess of one year. Additionally, in accordance with the Authority's Expenditure Authorization Procedures, the award of non-personal services contracts in excess of \$6 million require the Trustees' approval.

Additionally, in accordance with the Authority's Capital Planning and Budgeting Procedures, capital expenditures in excess of \$6 million require the Trustees' approval.

The Project will replace the existing Plattsburgh Autotransformer No. 1 which failed on December 17, 2018 due to an external high fault current and was taken out of service. An internal inspection of the transformer, performed by Buffalo Transformer Services, determined that the transformer's tertiary winding shorted to the core, causing extensive internal damage to the transformer.

DISCUSSION

The transformer, manufactured by GE, had been in operation since 1958. Options were reviewed and evaluated by Authority staff to either repair, retire or replace the failed transformer.

The repair costs of the transformer, including the shipping costs to the repair facility, were found to exceed the replacement cost of the transformer. Additionally, the transformer is considered a critical asset to the Bulk Electric System ('BES'), therefore, it cannot be retired. As such, the recommendation is to replace the transformer.

In addition to the new transformer, the Project scope includes the dismantling and transporting of the existing transformer offsite for disposal, and the installation of new disconnecting equipment for

isolation of the new transformer for maintenance. The existing facilities, including the masonry fire wall, foundation and structures, and the oil containment infrastructure will be evaluated for upgrades against current regulatory codes and environmental permit requirements.

Project execution is planned to occur over a three-year period. It commenced with the issuance in November 2019, of a Request-for-Proposal ('RFP') for the new transformer, including the Robert Moses Autotransformer No. 2. A detailed engineering design will be completed for the installation of the disconnecting equipment and the foundation upgrade for the new transformer. Once complete, construction is planned in two phases. Phase one, to be completed in 2021, will include installation of the new disconnecting equipment. Phase two, to be completed in 2022, will include construction of the upgraded facilities for the new transformer. Delivery, assembly, testing and commissioning of the new transformer, and project close-out are also planned to be complete in 2022, subject to approved outages.

The Authority issued RFP No. Q19-6854HM via Ariba e-sourcing which was advertised in the New York State *Contract Reporter* and was posted on the Authority's Procurement website on November 27, 2019.

Five proposals were received from the following companies on February 7, 2020 via the ARIBA e-sourcing portal:

Company	Location*
ABB Enterprise Software, Inc.('ABB')	Varennes, Quebec, Canada
ILJIN Electric Co. Ltd	Seoul, So. Korea
MVA Power, Inc.	Montreal, Quebec, Canada
PTI Transformer LP	Winnipeg, Manitoba, Canada
Royal SMIT Transformer ('SMIT')	Nijmegen, The Netherlands

Proposals submitted, including responses to post-bid addenda issued on February 21 and June 1, 2020 and requests-for-clarifications issued on March 11 and April 13, 2020, were reviewed against established criteria by the Evaluating Committee ('Committee') comprised of Authority staff from Engineering, Strategic Supply Management, Quality, Safety, Operations, Project and Construction Management. The criteria included cost, technical compliance, quality assurance and quality control, prior experience of delivering equipment to the Authority, and support to the project delivery schedule.

The proposals were reviewed for compliance with Executive Order ('EO') 13920 'Securing the United States Bulk Power System.' After reviewing this EO, it was considered applicable to this contract.

The proposals were also reviewed for compliance with Article 22 - New York Buy American Act (referenced in Article 22 of the Authority's Agreement). After review, it was recommended that this provision be waived based on the significant cost savings that would benefit the Authority and the best value offered by the preferred supplier.

Since the transformers are critical assets to the bulk electric system ('BES'), replacement must be procured from suppliers that are compliant with NERC CIP-13 requirements and qualified as BES equipment suppliers to the Authority. Based on these criteria, SMIT was determined to be a medium risk supplier, and, as such, risk mitigation measures will be included in the contract documents.

Requirements for Minority and Women Business Enterprise and Service-Disabled Veteran-Owned Business were waived on this equipment contract.

The Committee concluded that SMIT submitted the best value proposal to the Authority that met the Authority's technical requirements, contractual terms and conditions and project delivery schedule. SMIT has a history of successfully providing autotransformers to the Authority. SMIT is compliant with Executive Order 13920 as it is from a non-adversarial country and is qualified as a BES equipment supplier to the Authority.

The proposed spending for this Project is included in the approved Four-Year Capital Plan.

FISCAL INFORMATION

Payment associated with this Project will be made from the Authority's Capital Fund and will be recovered under the Authority's FERC approved formula rate.

RECOMMENDATION

It is requested that the Finance Committee recommend that the Trustees approve capital expenditures in the amount of \$11.8 million and approve a two-and-half year contract in the amount of \$7,339,641 to Royal SMIT Transformers of Nijmegen, The Netherlands, for implementation of the Project. In addition, it is requested that the Finance Committee recommend that the Trustees approve waiving Article 22 – Steel Components, from the Authority's 'Agreement' document.

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

Mr. Joseph Kessler, Executive Vice President and Chief Operations Officer, provided highlights of staff's recommendation to the committee.

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

RESOLVED, That the Finance Committee recommends that the Trustees authorize capital expenditures in the amount of \$11.8 million for the Replacement of Plattsburgh Autotransformer No. 1 Project in accordance with, and as recommended in, the foregoing report of the President and Chief Executive Officer; and be it further

RESOLVED, That the Authority will use Capital Funds, which may include proceeds of debt issuances, to finance the costs of the Replacement of Plattsburgh Autotransformer No.1 Project.

<u>Capital</u>	<u>Expenditure Authorization</u>
Replacement of Plattsburgh Autotransformer No.1	<u>\$11,800,000</u>

AND BE IT FURTHER RESOLVED, That the Finance Committee recommends that the Trustees, pursuant to the Guidelines for Procurement Contracts adopted by the Authority and the Authority's Expenditure Authorization Procedures, award a two-and-half contract to Royal SMIT Transformers of Nijmegen, of The Netherlands, in the amount of \$7,339,641 for the design, manufacture, delivery, assembly and commissioning of the new Plattsburgh Autotransformer No. 1 and the Robert Moses

July 16, 2020

Autotransformer No. 2, including a waiver of Article 22 – Steel Components from the Agreement from this contract, for the aforementioned project.

Contractor

**Royal SMIT Transformers
Nijmegen, The Netherlands**

(Q19-6854HM)

Contract Approval

\$7,339,641

ii. **St. Lawrence-FDR Power Project – Replacement of Robert Moses Auto-transformer No. 2 – Capital Expenditure Authorization Request**

The President and Chief Executive Officer submitted the following report:

SUMMARY

The Trustees will be requested at their July 28, 2020 meeting to approve capital expenditures in the amount of \$14.5 million for the Replacement of Robert Moses Autotransformer No. 2 Project ('Project').

Capital Expenditures in the amount of \$300,000 for preliminary engineering were previously approved by the President and Chief Executive Officer in September 2019, bringing the total estimated Project cost to \$14.8 million.

The Finance Committee is requested to recommend to the Trustees the approval of capital expenditures in the amount of \$14.5 million for the implementation of the Project.

BACKGROUND

In accordance with the Authority's Capital Planning and Budgeting Procedures, capital expenditures in excess of \$6 million require the Trustees' approval.

The Project will replace the existing Robert Moses Autotransformer No. 2 which failed on January 24, 2019 and was taken out of service. An internal inspection was performed by ABB Transformer Remanufacturing & Engineering Services ('ABB') and their findings concluded that the failure was caused by an external fault in the electric system which propagated to the transformer internals through the tertiary windings, resulting in extensive damage to the transformer B-phase windings and, ultimately, led to transformer failure.

DISCUSSION

The transformer, manufactured by ASEA, had been in operation since 1976. Options were reviewed and evaluated by Authority staff to either repair, retire or replace the failed transformer.

The repair costs of the transformer, including shipping costs to the repair facility, were found to exceed the replacement cost of the transformer. Additionally, the transformer is considered a critical asset to the Bulk Electric System, therefore, it cannot be retired. As such, the recommendation is to replace the transformer.

In addition to the new transformer, the Project scope includes the dismantling and transporting of the existing transformer offsite for disposal. The existing facilities, including the fire suppression system, foundation and structures, and the oil containment infrastructure will be evaluated for upgrades against current regulatory codes and environmental permit requirements.

Project execution is planned to occur over a 3-year period. It commenced with the issuance in November 2019, of a Request-for-Proposal for the new transformer, which also includes procurement of a replacement transformer for the failed Plattsburgh Substation Autotransformer No. 1. The detailed design will be completed in 2021 with delivery, assembly, testing and commissioning of the new transformer planned for completion in 2022, subject to approved outages.

The proposed spending for this Project is included in the approved Four-Year Capital Plan.

FISCAL INFORMATION

Payment associated with this Project will be made from the Authority's Capital Fund and will be recovered under the Authority's FERC approved formula rate.

RECOMMENDATION

It is requested that the Finance Committee recommend that the Trustees approve capital expenditures in the amount of \$14.5 million for implementation of the Project.

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

Mr. Joseph Kessler, Executive Vice President and Chief Operations Officer, provided highlights of staff's recommendation to the committee.

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

RESOLVED, That the Finance Committee recommends that the Trustees, pursuant to the Authority's Capital Planning and Budgeting Procedures, approve capital expenditures in the amount of \$14,500,000 for the Replacement of Robert Moses Autotransformer No. 2 Project in accordance with, and as recommended in, the foregoing report of the President and Chief Executive Officer; and be it further

RESOLVED, That the Authority will use Capital Funds, which may include proceeds of debt issuances, to finance the costs of the Replacement of Robert Moses Autotransformer No. 2 Project.

<u>Capital</u>	<u>Expenditure Authorization</u>
Replacement of Robert Moses Autotransformer No. 2	<u>\$14,500,000</u>

iii. **Niagara Power Project – Next Generation Niagara Program – Mechanical and Electrical Upgrades Project – Wicket Gate Procurement**

The President and Chief Executive Officer submitted the following report:

SUMMARY

The Trustees will be requested at their July 28, 2020 meeting to approve the award of a 15-year design, manufacture, and delivery contract to GE Renewables US LLC (“GE”) of Greenwood Village, CO, in the amount of \$12.7 million. This award includes \$2.4 million in escalation over the life of the contract for the Next Generation Niagara Program – Mechanical and Electrical Upgrades Project – Wicket Gate Procurement. In addition, approval is requested to waive requirements of Article 22 – Steel Components, from the Authority’s ‘Agreement’ document.

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

BACKGROUND

Section 2879 of the Public Authorities Law and the Authority’s Guidelines for Procurement Contracts require the Trustees’ approval for material contracts involving services to be rendered for a period in excess of one year. Additionally, in accordance with the Authority’s Expenditure Authorization Procedures, the award of non-personal services contracts in excess of \$6 million require the Trustees’ approval.

The Next Generation Niagara Program (‘NGN’) is comprised of four main projects: (1) controls upgrade, (2) mechanical and electrical upgrades, (3) 630-ton gantry crane upgrade, and (4) penstock platform and inspections. This contract is for the design, manufacture, and delivery of the wicket gates, required to support the Mechanical and Electrical Upgrades project. This project will have future, separate contract(s) to procure material and perform the remaining work.

The scope-of-work under this contract includes design, manufacture, and delivery of eleven (11) sets of twenty-four (24) wicket gates and three (3) spare gates. The wicket gates will be received and installed by Authority Craft in support of the NGN Mechanical and Electrical Upgrades.

It is estimated that the next contract for the design, furnish, and delivery of the shafts will be brought to the Trustees for approval in September 2020. The approval for the implementation of Mechanical and Electrical Upgrades for the unit overhauls is tentatively scheduled to be presented to the Trustees for approval in the first quarter of 2021 to support the first unit overhaul starting in 2023. The overall Program is estimated for completion by 2034.

DISCUSSION

A Request for Proposal (‘RFP’) Inquiry No. Q19-6866HM was issued through the Authority’s Ariba system and was advertised in the NYS *Contract Reporter* on December 13, 2019. A total of fifteen (15) firms were invited into the Ariba Event with forty-seven (47) firms having viewed the RFP on the Strategic Supply Management website. Seven (7) proposals were received through Ariba and one (1) bid was received via email on February 18, 2020. Bidders and their locations are set forth below.

Company	Location
GE Renewables US LLC	Greenwood Village, CO
Andritz Hydro Corp	Charlotte, NC

Industrial Machine & Mfg. Inc	Saskatoon, SK, CA
Gracon LLC	Lafayette, CO
American Hydro	Buffalo, NY
Voith Hydro, Inc.	York, PA
Hydro Tech USA Inc.	Sault Ste Marie, ON, CA
Toshiba America Energy Systems	Charlotte, NC

Three post-bid addenda were issued requesting additional, detailed information and addressing bidders' questions. Two of the bidders were unresponsive to the post-bid addenda, Industrial Machine & Mfg. Inc., and Toshiba America Energy Systems. After the evaluation of the post-bid addenda responses, there was no change in cost to the bids provided.

The Evaluation Committee, that was comprised of representatives from Strategic Supply Management, Mechanical Engineering, Project Delivery, Control Room Operations, Mechanical Maintenance, Quality Assurance, Environmental, Health and Safety, Project Management, and Program Controls, reviewed the proposals. The proposals were reviewed and evaluated based on the evaluation criteria established in the RFP including best value, proposal completeness, technical capabilities, ability to meet the schedule, experience in performing this type of work, and safety records. The RFP event was also reviewed for compliance with the Executive Order ('EO') 13920 'Securing the United States Bulk Power System'. After reviewing this EO, it was considered not applicable to this Contract. These proposals were also reviewed for compliance with Article 22 – New York Buy American Act (referenced in Article 22 of the Authority's Agreement). After review, it was recommended that this provision be waived based on the cost savings that would be realized to the Authority and superior quality of the products offered by the best value vendor. Requirements for Minority and Women Business Enterprise and Service-Disabled Veteran-Owned Business were waived on this contract.

GE was determined to be the best value based on its strength of experience, ongoing support throughout the life of the project, a well, thought-out project execution plan, high quality manufacturing processes, ability to address the Authority's requirements and expectations, and best value proposal.

The proposed spending for this contract is in alignment with the original program estimates for this work, which were approved by the Trustees at their July 2019 meeting and has been included in the approved Four-Year Capital Plan.

FISCAL INFORMATION

Payment associated with this Project will be made from the Authority's Capital Fund. Funding in the amount of \$224 million has been authorized, to date, for the Next Generation Niagara Program, which is estimated at \$1.1 billion, to complete preliminary engineering, conduct engineering and design, material procurement, implement limited construction, and Authority direct/indirect costs. The balance to be authorized at future Trustee meeting(s) is estimated at \$876 million for the remaining work associated with this Program.

RECOMMENDATION

It is requested that the Finance Committee recommend that the Trustees approve a 15-year contract in the amount of \$12.7 million, which includes \$2.4 million in escalation over the life of the contract, to GE Renewables US LLC ("GE") of Greenwood Village, CO, for design, manufacture, and delivery of the Wicket Gates in support of the Next Generation Niagara Program – Mechanical and Electrical Upgrades Project. In addition, it is requested that the Finance Committee recommend that the Trustees approve waiving Article 22 – Steel Components of the Authority's Agreement document from this contract.

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

Mr. Joseph Kessler, Executive Vice President and Chief Operations Officer, provided highlights of staff's recommendation to the committee.

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

RESOLVED, That the Finance Committee recommends that the Trustees, pursuant to the Guidelines for Procurement adopted by the Authority and the Authority's Expenditure Authorization Procedures, approve the award of a 15-year contract to GE Renewables US LLC in the amount of \$12,700,000 for the design, manufacture, and delivery of the Wicket Gates in support of the Next Generation Niagara Program – Mechanical and Electrical Upgrades Project; and be it further

RESOLVED, That the Authority will use Capital Funds, which may include proceeds of debt issuances, to finance the costs of the Next Generation Niagara – Mechanical and Electrical Upgrades Project – Wicket Gate Procurement.

Contractor

Contract Approval

**GE Renewable US LLC
Greenwood Village, CO**

\$12.7 million

RFP # Q19-6866HM

c. Commercial Operations

i. NYISO Public Policy AC Transmission Proceeding – Request to Acquire an Ownership Stake

The President and Chief Executive Officer submitted the following report:

SUMMARY

The Finance Committee is hereby requested to review and approve the request for NYPA (Authority) to acquire a 37.5% Ownership stake in the AC transmission project awarded to NYPA and LS Power Grid New York Corporation 1(LS)¹ in connection with the AC Transmission Public Policy Requirements proceeding (Project). NYPA has jointly pursued project development with LS in anticipation to elect a 37.5% ownership stake in the \$750 million Project as outlined in the Project's Participation Agreement ('PA'). This Project is anticipated to expand the Authority's transmission system asset base by up to 99 miles of newly constructed/reconductored circuits which will be recoverable through NYPA's formula rate tariff on file at the Federal Energy Regulatory Commission ('FERC'). NYPA's portion of the Project has an actual projected rate of return of 7.91%¹, which includes a 50-basis point return on equity risk adder. Per the PA, NYPA must determine whether it will acquire its ownership stake on or before late 2020.

BACKGROUND

On February 29, 2016, in accordance with the New York Public Service Commission ('PSC') Order identifying transmission needs associated with the Central East and UPNY/SENY corridors, the New York Independent System Operator ('NYISO'), issued the AC Transmission Public Policy Transmission Needs Project Solicitation (Solicitation) granting a 60-day period for developers to submit proposals.

On March 16, 2016, the Authority executed a Memorandum of Understanding ('MOU') with LS to develop and submit proposals in response to the Solicitation. LS assumed the lead role and developed thorough proposals including transmission planning, engineering design, preparation of competitive cost estimates and construction schedules followed by formal submission and remittance of all NYISO required deposits and fees. The Authority provided technical assistance, comments, advice, and participation in all meetings with the NYISO, PSC, and regulatory agencies throughout the process. At its December 15, 2016 meeting, the Board of Trustees authorized funding of the Authority's share of expenses pursuant to the MOU.

On June 7, 2018, the Authority and LS entered into the PA, as contemplated in, and in replacement of, the MOU in anticipation of the final NYISO decision.² The PA grants the Authority an option to elect an ownership interest up to 37.5% of the total Project. It is also outlined and envisioned that upon operation of the assets NYPA and LS will negotiate an Operation and Maintenance ('O&M') agreement pursuant to which NYPA will operate and maintain the entire Project at a reimbursable fee structure.

On April 8, 2019, the NYISO Board of Directors selected the Project as the winning proposal for segment A of the Transmission Need. In consideration of maintaining its purchase option under the PA, the Authority continues to fund its allocation of Project development costs until such time as the Authority decides to exercise its option.

¹Actual projected rate of return of 7.91% calculated based on 50/50 Debt to Equity split in 2021

²The MOU and PA were signed by North American Power. Subsequently, North American Power changed its name to LS Power Grid New York LLC.

FISCAL INFORMATION

To execute an ownership stake in the Project, no funding authorizations are required at this time. Additional funding will be required in 2021; that determination will be completed in Q4 of 2020.

Rate recovery of Project costs was authorized by FERC in November 2019 in response to a NYPA petition requesting the following rate incentives: construction work in progress, abandonment, and a return on equity adder of 50 basis points. Based on an actual projected rate of return of 7.91%, which will be subject to a cost containment mechanism, the projected net revenue for the life of the asset is \$20 million per year.

DISCUSSION

To date, NYPA has paid 33% of all Third-Party costs of the Project in anticipation of electing the ownership stake of up to 37.5%. Once the Board of Trustees approves the acquisition, NYPA and LS Power will be required to complete a reconciliation from 33% to the 37.5%. This true-up value is approximately \$500,000 based on the year-to-date spend of the Project which has already been accounted for within the 2020 Project Budget. Capital expenditures for this Project were approved by the Board of Trustees on May 21, 2019 and on December 11, 2019, as part of the 2020-2023 Approved Budget and Financial Plan for a cumulative spend of \$275.1M.

Continued participation in this Project will provide NYPA with significant new transmission assets with rate recovery through FERC.

RECOMMENDATION

The Executive Vice President – Commercial Operations recommends that the Finance Committee grant approval to formally acquire the maximum ownership stake of 37.5% in the Project. Once ownership has been approved by the Board of Trustees, NYPA and LS will have 60 days to reconcile a true-up value. For the avoidance of doubt, NYPA's option shall only be deemed exercised, and the closing on NYPA's ownership interest shall be deemed to occur, upon the completion of the reconciliation between the two parties. Approval to acquire an Ownership stake is requested on July 16, 2020.

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

Mr. Girish Behal, Vice President of Project and Business Development, provided highlights of staff's recommendation to the committee.

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

RESOLVED, That the Executive Vice President and Chief Commercial Officer or her designee, be, and hereby is, authorized to take such action as is necessary to enable the Authority to exercise its option to secure an ownership interest in the Project of 37.5% and begin the true-up process as defined in the Participation Agreement ("PA"), as identified in the foregoing report of the President and Chief Executive Officer; and be it further

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

July 16, 2020

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 Chief Financial Officer and Executive Vice President and General Counsel.

ii. **Port Authority of New York and New Jersey Power Purchase Agreements – John F. Kennedy International Airport**

The President and Chief Executive Officer submitted the following report:

SUMMARY

The Trustees will be requested at their July 28, 2020 meeting to authorize the execution of back-to-back power purchase agreements ('PPA'), described below, with SunPower/Goldman Sachs Renewable Power ('SP-GSRP') and the Port Authority of New York and New Jersey ('PANYNJ'). The estimated annual cost of the PPAs with SP-GSRP will be \$856,851 per year for up to a term of 20 years (\$17,137,020 total) based on a preliminary budget analysis. These costs will be recovered in full, plus an administrative fee and will be directly billed to PANYNJ under a separate PPA.

The Finance Committee is requested to recommend that the Trustee approve the execution of the PPAs described above.

BACKGROUND

The Trustees' approval is being sought under Public Authorities Law 1005(17), which enables the Authority to finance and design, develop, implement, and administer energy related projects, and provide energy services for its customers. As described below, the Authority will be entering into two PPAs, back-to-back, with SP-GSRP for the purchase of energy and attributes from solar photovoltaic ('PV') and energy storage systems, and, in turn, selling that energy and attributes to PANYNJ under a separate PPA.

Under Governor Andrew M. Cuomo's order, New York State has identified the increased deployment of renewable distributed energy resources ('DER') as a top priority in efforts for the State to achieve its clean energy goals with Governor Cuomo directing the Authority to assist state entities to lead by example. PANYNJ has undertaken numerous projects to drive sustainability efforts and lead by example and engaged the Authority to procure commercial-scale solar PV and energy storage systems to be installed at PANYNJ's John F. Kennedy International Airport.

In support of the State's goals, the Trustees are requested to authorize the execution of PPAs with SP-GSRP and PANYNJ, enabling the completion of the John F. Kennedy International Airport Solar PV and Energy Storage Project.

DISCUSSION

The Authority's Clean Energy Solutions team offers subject matter expertise and project management for the procurement and implementation of renewable distributed energy resources to all Authority customers meeting the eligibility criteria under Public Authorities Law Section 1005(17). The Authority was engaged by PANYNJ to solicit proposals for solar PV and energy storage systems at multiple locations within the John F. Kennedy International Airport, and support PANYNJ's sustainability and renewable energy goals. These systems will provide PANYNJ with approximately 7,200 kilowatts of solar PV capacity and 2,500 kilowatts of energy storage capacity, which are expected to generate more than 8,000,000 kilowatt hours of electricity per year. Using the 2,500 kilowatt energy storage system, PANYNJ will be able to reduce its local demand costs and potentially be able to participate in demand response and other energy usage optimization programs, as well as provide resiliency benefits to the AirTrain system during electric system outages or emergency situations.

On April 26, 2019, Request for Proposal ('RFP') Q19-6703HM was posted in Ariba and advertised in the New York State *Contract Reporter*, soliciting firms interested in providing solar PV and energy storage systems through a 'back-to-back' PPA structure for PANYNJ. Under this contracting structure, the solar PV and energy storage systems are owned, operated, and maintained by a third-party

throughout the term of the PPA, with the Authority responsible for purchasing all attributes produced by the solar PV and energy storage systems. Those attributes are then purchased by PANYNJ from the Authority under substantially like terms and conditions.

In response to the invitation to bid, on June 28, 2019, proposals were received from 11 firms. The proposals were reviewed by an Evaluation Committee comprised of staff from Clean Energy Solutions, Strategic Supply Management, and Finance. At the conclusion of the evaluation process, Clean Energy Solutions requested SP-GSRP be released to begin the design development process of the solar PV and energy storage system at PANYNJ. In concurrence with that request granted on September 25, 2019, the Trustees' approval is now being sought to proceed with 'back-to-back' PPA execution as a result of a successful design development phase.

FISCAL INFORMATION

The estimated annual cost of the PPA with SP-GSRP will be \$856,851 per year for up to a 20-year term (\$17,137,020 total) based on a preliminary budget analysis. These costs, plus an administrative fee, will be directly billed to PANYNJ under a separate PPA. Additionally, the Authority will receive funds sufficient to fully recover cost incurred by Clean Energy Solutions Business Development for advisory services rendered throughout the procurement and implementation processes.

RECOMMENDATION

The Executive Vice President and Chief Commercial Officer, the Senior Vice President – Clean Energy Solutions, and the Vice President – Business Development request that the Finance Committee recommends that the Trustees approve the request to execute back-to-back Power Purchase Agreements with SunPower/Goldman Sachs Renewable Power ('SP-GSRP') and Port Authority of New York and New Jersey ('PANYNJ'), for an estimated annual cost of \$856,851 for up to a term of 20 years.

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

Mr. Evan Kolkos, Senior Manager, Customer Business Development, provided highlights of staff's recommendation to the committee.

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

RESOLVED, That the Finance Committee recommends that the Trustees authorize the execution of back-to-back power purchase agreements with SunPower/Goldman Sachs Renewable Power and the Port Authority of New York and New Jersey, for an estimated annual amount of approximately \$856,851 for up to a term of 20 years as described in the foregoing report of the President and Chief Executive Officer.

d. Digital Transformation Office

i. Energy & Environmental Policy Development, Analysis and Strategic Planning – Contract Award

The President and Chief Executive Officer submitted the following report:

SUMMARY

The Trustees will be requested at their July 28, 2020 meeting to approve five-year personal services contracts for Energy & Environmental Policy Development, Analysis and Strategic Planning for the Executive Office, in the aggregate not-to-exceed amount of thirty million dollars, to thirteen qualified firms. The selected qualified firms, individually or as a group, will assist the Authority with policy development, analysis and strategic planning in order to implement the Authority's new Strategic Plan - Vision2030, and the goals of the Climate Leadership and Community Protection Act ('CLCPA').

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

The Finance Committee is therefore requested to recommend that the Trustees approve five-year personal services contracts to a prequalified pool of firms at their July 2020 meeting for the purposes stated above.

BACKGROUND

Vision2030 will place the Authority's customers at the center of its Strategic Plan. The Plan focuses on six investment areas: Clean and Affordable G&T, Energy Efficiency, Electrification, Demand Flexibility, Internet of Energy Assets, and People and Communities. On November 11, 2019, the Authority issued a Request for Proposal ('RFP') to prequalify firms that could provide Energy & Environmental Policy Development, Analysis and Strategic Planning in support of Vision2030 and CLCPA implementation. The scope of services outlined in the RFP encompasses a wide range of subject matter areas including:

- Management consulting in the electric utility sector
- Electric system planning
- Electric grid operations
- The NYISO energy market
- Installed Reserve Margin and Locational Capacity Requirements
- Capacity delivery requirements
- Electric reliability organization, including NPCC and NYSRC
- Renewable resource and storage resource operations
- Climate change science
- Distributed energy resources
- Energy asset finance
- Energy market analysis and modeling
- Economic modeling and analysis
- Sensitivity analyses
- Carbon pricing
- Resource adequacy analysis
- Energy storage
- Technology trends (e.g., energy storage)
- Energy efficiency
- Clean energy solutions
- Risk analysis and mitigation
- New York laws, regulations, and policies in the energy arena

DISCUSSION

In response to the Authority's RFP advertised in the NYS *Contract Reporter* on November 11, 2019 (RFP No. Q19-6832CL), nineteen proposals were received on December 20, 2019, from the following firms:

1. Accenture LLP
2. Advisian Worley Group
3. AECOM Technology Corporation
4. Boston Consulting Group
5. Columbia University
6. EJM Associates LLC
7. Energy and Environmental Economics, Inc.
8. O'Brien & Gere Engineers
9. ICF International Inc.
10. Massachusetts Institute of Technology
11. GuideHouse LLP (p/k/a Navigant Consulting Inc.)
12. Optimal Energy Inc.
13. PA Consulting Group, Inc
14. ScottMadden Inc.
15. Sustainable Energy Advantage LLC
16. The Brattle Group, Inc.
17. TRC Engineers, Inc.
18. West Monroe Partners
19. Western Power Projects Advisors LLC

The Evaluation Committee, consisting of representatives from Commercial Operations, Public and Regulatory Affairs, Strategic Supply Management, and the Digital Transformation Office, reviewed each proposal taking into consideration technical and commercial criteria, including, but not limited to the following:

- a) Competency: Vendors must identify one or more of the listed capabilities and demonstrate an ability to develop and deploy them at NYPA
- b) Financial stability: Companies must have active paying customers and be financially stable
- c) Strategic alignment: Companies have strategic alignment in their long-term R&D and market development plans, and in the ongoing needs of electric utilities
- d) Compatibility: Solutions are compatible with ISO 55001
- e) Domain expertise: The company and individuals at the company have significant domain expertise in the power sector
- f) Track record: Vendors can demonstrate they have successfully deployed the solutions they propose delivering to NYPA to other enterprise customers; and
- g) Response: The vendor response is clear, articulate, and accurate.

The Authority will seek to achieve or exceed Minority/Women Business Enterprise ('M/WBE') and related goals for the scope-of-work that will be assigned after value contracts are awarded.

The Evaluation Committee finds that the following thirteen firms demonstrate the expertise and experience in the areas assessed:

1. Accenture LLP
2. Boston Consulting Group
3. Columbia University
4. EJM Associates LLC
5. Energy and Environmental Economics, Inc.
6. ICF International Inc.
7. Massachusetts Institute of Technology
8. GuideHouse LLP (p/k/a Navigant Consulting Inc.)
9. PA Consulting Group, Inc.
10. ScottMadden Inc.
11. Sustainable Energy Advantage LLC
12. The Brattle Group, Inc.
13. West Monroe Partners

FISCAL INFORMATION

Based on need within the organization, a scope-of-work will be developed and issued for pricing prior to issuance of a Purchase Order Release. Payments will be made from the Authority's Capital or Operations Fund, as appropriate.

RECOMMENDATION

Based on the foregoing, the Evaluation Committee requests that the Finance Committee recommend the Trustees' concurrence/approval to award five-year personal services contracts for Energy & Environmental Policy Development, Analysis and Strategic Planning for the Executive Office in the aggregate not-to-exceed amount of thirty million dollars to thirteen qualified firms: (1) Accenture Consulting of New York, NY; (2) Boston Consulting Group of Boston, MA; (3) Columbia University of New York, NY; (4) EJM Associates LLC of Washington, D.C.; (5) Energy and Environmental Economics, Inc. of San Francisco, CA; (6) ICF International Inc. of Fairfax, VA; (7) Massachusetts Institute of Technology of Cambridge, MA; (8) GuideHouse LLP (p/k/a Navigant Consulting Inc.) of New York, NY; (9) PA Consulting Group, Inc of New York, NY; (10) ScottMadden Inc. of Raleigh, NC; (11) Sustainable Energy Advantage LLC of Framingham, MA; (12) The Brattle Group, Inc. of Boston, MA; and (13) West Monroe Partners of Chicago, IL.

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

Ms. Daniella Piper, Vice President – Digital Transformation and Chief of Staff, provided highlights of staff's recommendation to the committee.

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

RESOLVED, That the Finance Committee hereby recommends that the Trustees approve the appointment of five-year contracts in the aggregate not-to-exceed amount of thirty million dollars to (1) Accenture Consulting of New York, NY; (2) Boston Consulting Group of Boston, MA; (3) Columbia University of New York, NY; (4) EJM Associates LLC of Washington, D.C.; (5) Energy and Environmental Economics, Inc. of San Francisco, CA; (6) ICF International Inc. of Fairfax, VA; (7) Massachusetts Institute of Technology of Cambridge, MA; (8) GuideHouse LLP (p/k/a Navigant Consulting Inc.) of New York, NY; (9) PA Consulting Group, Inc of New York, NY; (10) ScottMadden Inc. of Raleigh, NC; (11)

Sustainable Energy Advantage LLC of Framingham, MA; (12) The Brattle Group, Inc. of Boston, MA; and (13) West Monroe Partners of Chicago, IL., as recommended in the foregoing report of the President and Chief Executive Officer.

e. Risk Management

i. Risk Management Update

Mr. Thomas Spencer, Senior Director – Enterprise Risk, provided an update on the Authority's Risk Management activities (Exhibit 4e i-A).

Mr. Spencer discussed Risk Management's two areas of focus, namely, how the team helped NYPA and Canals prepare for, and respond to the Covid-19 crisis; and the Key Risk Indicators ("KRI") and how the team plans to develop new, and expand on the existing, KRIs.

Pandemic Planning and Preparedness

In 2017, the Risk Management team led the establishment of a Business Resiliency program where they developed the holistic Business Resiliency framework ensuring collaboration and enhancing of the relationships between Business Continuity Planning, Disaster Recovery, Emergency Management, and the Physical Security functions. This included updates to the Authority's Business Continuity Plans, with a focus on the loss of human resources for reasons that included events such as a hurricane or a pandemic. The team also performed Business Impact Analysis, identifying those processes and programs critical to the NYPA and Canals operations in order to ensure that those items were addressed in the updated Business Continuity Plans.

At the beginning of 2019, the Business Resiliency Program was subsequently transferred to Utility Operations for deployment and integration into the day-to-day operation of NYPA and Canals. In addition to the Business Resiliency Program, the Enterprise Risk team conducts annual risk assessments using a cross-functional approach to reassess existing, and identify new risks. In starting this process, the team identified external and environmental drivers across multiple enterprise level risks. Those drivers included hurricanes, pandemics, floods, and snowstorms.

By identifying these drivers, NYPA and Canals were able to better prepare for events such as a hurricane or pandemic using drills, exercises or enacting policies and procedures serving to enhance its capabilities to anticipate and respond to disruption-related risks making NYPA and Canals a more resilient organization.

NYPA's Pandemic Response

Within the first few weeks of the Covid-19 pandemic, NYPA's leadership did not only respond swiftly; they responded decisively across multiple fronts.

- Employee Health and Safety

Employee health and safety is of paramount importance and the number one priority for NYPA and Canals. The Authority took all measures possible to ensure employee safety - working at home, wellness checks, and employee sequestration.

- Financial - Liquidity Analysis and Actions

NYPA's leadership enacted a Capital O&M pause; worked to contain costs and continued to move forward with the Bond Issuance in order to ensure adequate liquidity. In addition, NYPA's leadership focused on its customers. The Authority employed a rate freeze and offered a deferred payment plan for its Economic Development customers.

The Risk Management team was part of the daily ICS committee meetings where they developed a Covid-19 Risk Registry and assisted with the scenario analysis of the Covid-19 infection rate and its potential impact on essential staffing.

During this period, the Insurance team also worked to support the Bond Offering by compiling a comprehensive overview of NYPA and Canals' Insurance Portfolio used in publishing the Bond Offering documentation.

NYPA and Canals leveraged other resources it had to respond to the pandemic in a way that enabled the Authority not only to bounce back quickly, but bounce forward.

Key Risk Insights

As a result of the pandemic, the Risk Management team also reviewed some of the NYPA/Canals activities and identified key risk insights.

Top Risks Identified

From the Covid Risk Register, the team observed how the Authority's risk profile changed quickly due to the stress of the pandemic. Risks that the Authority were concerned about previously, were now escalated, such as Financial Liquidity and Customer Creditworthiness. New risks such as "Return-to-Work" or "Cost Recovery" were now at the forefront of the Authority's business.

Evolving Risks

Risk Management realized that many of the Authority's risks evolved and needed to be more closely monitored. For example, risks such as second and third pandemic waves would need to be monitored and the Authority would need to make sure that it was prepared to respond. The Data Privacy Management exposure has been expanded as well, as the Authority collected more personal information through its Health and Wellness surveys and Covid testing. However, many of the activities which the Authority are already performing or planning to implement have helped to mitigate the top and evolving risks.

Key Mitigation Plans

The continuing deployment of the Enterprise Governance Risk and Compliance system and the Rapid Risk Assessment Process will better position NYPA and Canals to act in real time as their risk profile shifts and this disruption-related event occur in an accelerated pace.

In addition, the Insurance team is reviewing the NYPA and Canals insurance portfolio to gauge the impacts of the pandemic and tracking developments in the insurance marketplace to better position NYPA and Canals to take advantage of possible coverage alternatives.

Top Key Risk Indicators

The monitoring of risks and KRIs have been magnified due to the pandemic. By using information from the Annual Risk Assessments, working with the Business Units, and looking at external benchmarking, Risk Management will be able to better identify metrics that will help the team to anticipate and respond to disruption-related events and add to the overall resiliency of NYPA and Canals.

Key Risk Indicator Summary

As mentioned previously, part of the lessons learned from the pandemic was regarding the enhanced importance of KRI, monitoring and reporting. As a result, Risk Management have been working to expand and update the KRIs that it tracks.

Risk Management decided to group the KRIs into six categories that cover the crucial aspects of the business as follows: Strategic, Financial, Operational, Human Resources, and Compliance. In addition, some KRIs centered around the pandemic were also added to monitor it to make sure the team is watching for a second and third wave. As part of this process, Risk Management have worked with the Business Units, Risk Owners and Authority leadership to set KRI thresholds. In order to determine when KRIs enter a potential warning zone, it will need to warrant further investigation and, depending on the investigation, it may need even further management escalation.

5. CONSENT AGENDA:

a. Approval of the Minutes of the Joint Meeting held on May 14, 2020

On motion made by member Dennis Trainor and seconded by member John Koelmel, the Minutes of the joint meeting held on May 14, 2020 were unanimously adopted.

6. Next Meeting

Chairperson Tracy McKibben said that the next regular meeting of the Finance Committee will be held on September 23, 2020 at a time to be determined.

Closing

On motion made by member Dennis Trainor and seconded by member John Koelmel, the meeting was adjourned by Chairperson McKibben at approximately 12:30 p.m.

Karen Delince

Karen Delince
Corporate Secretary

EXHIBITS

For

July 16, 2020

Meeting Minutes



**NY Power
Authority**

**Canal
Corporation**

Finance Committee

Adam Barsky

EVP & Chief Financial Officer

July 16, 2020

5+7 YEAR-TO-DATE ACTUALS

YTD ACTUALS (JANUARY-MAY 2020)

In \$ Thousands	2020 Budget (\$)	2020 Current (\$)	Variance (\$)	
Net Operating Income				
Operating Revenue				
Customer Revenue	\$721,115	\$607,098	(\$114,017)	
Market-Based Power Sales	223,538	117,749	(105,789)	
Non Utility Revenue	10,463	8,512	(1,951)	
Ancillary Service Revenue	18,840	12,480	(6,359)	
NTAC and Other	82,736	82,617	(119)	
Operating Revenue Total	1,056,691	828,456	(228,234)	
Operating Expense				
Purchase Power	(271,384)	(143,029)	128,354	
Ancillary Service Expense	(24,034)	(20,295)	3,739	
Fuel Consumed	(75,175)	(30,826)	44,349	
Wheeling	(224,662)	(227,911)	(3,249)	
Operations & Maintenance	(242,729)	(223,966)	18,763	
Other Expense	(50,498)	(58,727)	(8,230)	
Allocation to Capital	7,772	4,924	(2,848)	
Operating Expense Total	(880,709)	(699,831)	180,878	
EBIDA Total	175,981	128,625	(47,357)	(47,357)
<i>EBIDA NYPA</i>	<i>213,093</i>	<i>165,175</i>	<i>(47,917)</i>	
<i>EBIDA Canals</i>	<i>(37,112)</i>	<i>(36,551)</i>	<i>561</i>	
Non Operating				
Interest and Other Expenses				
Interest & Other Expenses	(50,389)	(49,652)	737	
Investment and Other Income	11,549	20,944	9,394	
Mark to Market Adjustments	(150)	(4,032)	(3,882)	
Depreciation	(109,390)	(107,281)	2,109	
Interest and Other Expenses Total	(148,379)	(140,021)	8,357	
NET INCOME	\$27,602	(\$11,397)	(\$38,999)	(\$38,999)

EBIDA: Earnings Before Interest Depreciation & Amortization



**NY Power
Authority**

**Canal
Corporation**

5+7 FULL-YEAR FORECAST

YEAR END PROJECTION (JANUARY - DECEMBER 2020)

In \$ Thousands	2020 Budget (\$)	2020 Current (\$)	Variance (\$)	
Net Operating Income			Current vs Budget	
Operating Revenue				
Customer Revenue	\$1,786,465	\$1,668,728	(\$117,737)	
Market-Based Power Sales	524,543	370,092	(154,451)	
Non Utility Revenue	30,128	27,132	(2,995)	
Ancillary Service Revenue	45,417	37,200	(8,216)	
NTAC and Other	193,707	212,917	19,210	
Operating Revenue Total	2,580,259	2,316,069	(264,189)	
Operating Expense				
Purchase Power	(612,391)	(490,035)	122,355	
Ancillary Service Expense	(58,270)	(56,380)	1,889	
Fuel Consumed	(158,717)	(88,284)	70,433	
Wheeling	(644,109)	(647,564)	(3,455)	
Operations & Maintenance	(612,582)	(609,663)	2,919	
Other Expense	(119,785)	(123,644)	(3,859)	
Covid-19 Expense*	0	(5,755)	(5,755)	
Allocation to Capital	22,156	11,078	(11,078)	
Operating Expense Total	(2,183,698)	(2,010,248)	173,450	
EBIDA Total	396,561	305,822	(90,740)	
EBIDA NYPA	487,588	398,692	(88,896)	
EBIDA Canals	(91,027)	(92,871)	(1,844)	
Non Operating				
Interest and Other Expenses				
Interest & Other Expenses	(120,919)	(119,079)	1,840	
Investment and Other Income	28,726	34,541	5,815	
Mark to Market Adjustments	(359)	(3,769)	(3,410)	
Depreciation	(262,536)	(260,895)	1,641	
Interest and Other Expenses Total	(355,088)	(349,202)	5,885	
NET INCOME	\$41,473	(\$43,381)	(\$84,854)	

Margins - Generation** (\$55,057)

Margins - Transmission*** (14,850)

Margins - Non Utility (3,059)

** Includes Merchant Gross Margin Variance of (\$50,827): Budget @ \$335,449 vs Current @ \$284,621

*** Includes RTEP payment of \$32,810

Operating Expenses (17,773)

(90,740)

Non-Operating Net 5,885

(\$84,854)

EBIDA: Earnings Before Interest Depreciation & Amortization

*Covid-19: Expected incremental expenses into the forecast.



NY Power
Authority

Canal
Corporation



**NY Power
Authority**

**Canal
Corporation**



**NY Power
Authority**

**Canal
Corporation**

Risk Management Update

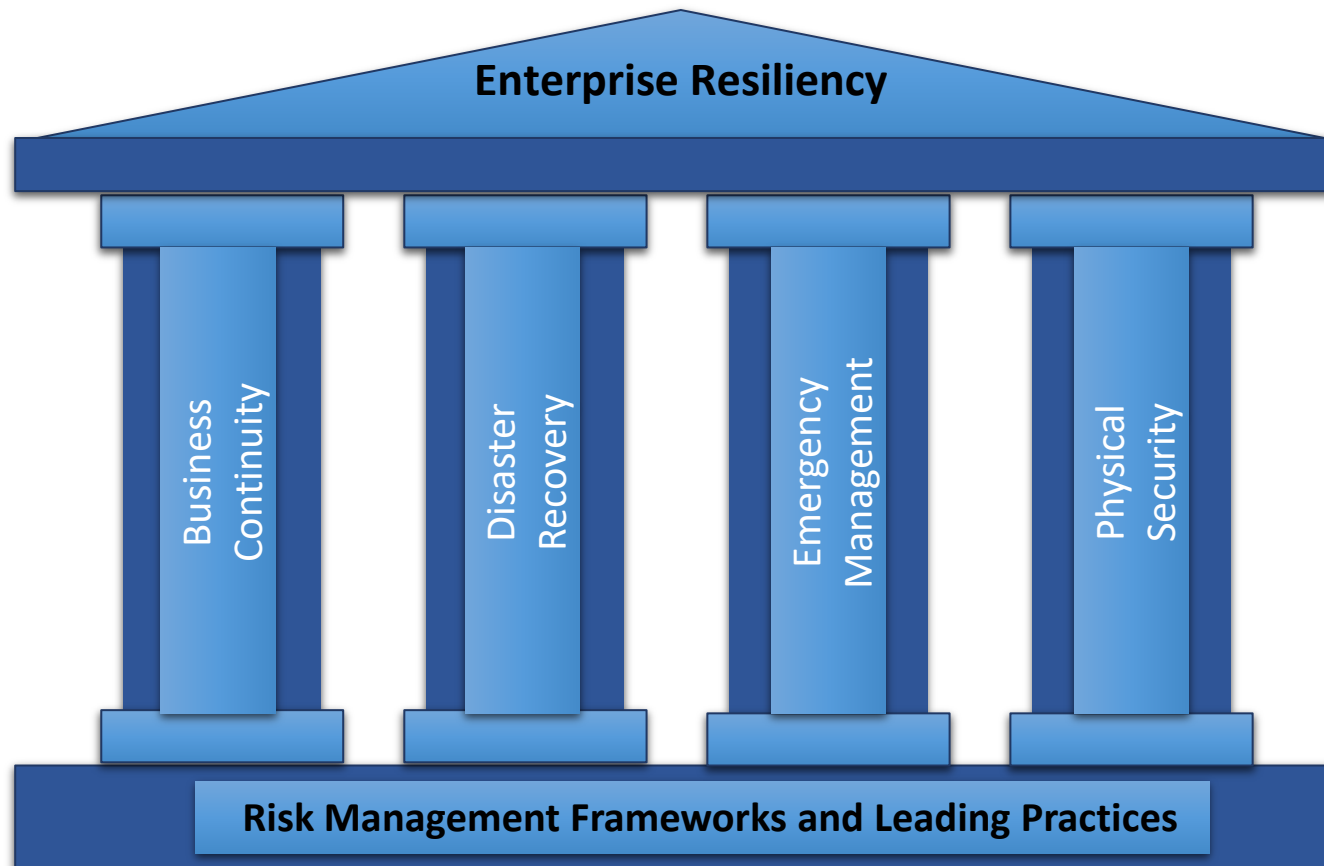
Soubhagya Parija

Chief Risk Officer, Senior Vice President

July 16, 2020

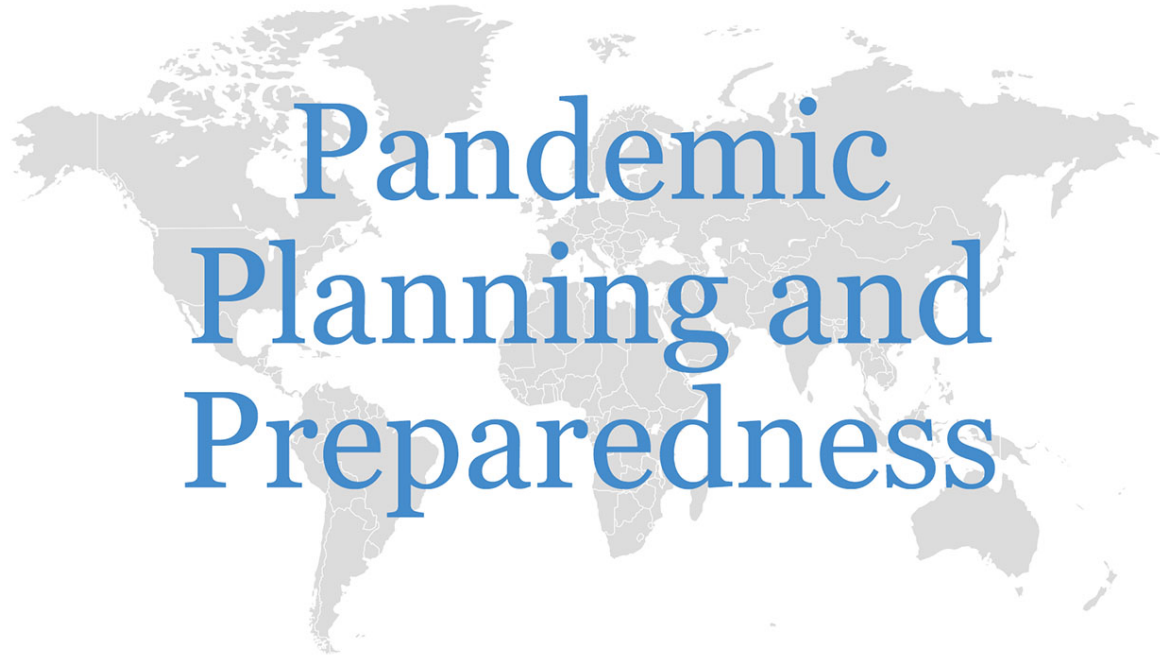
Foundational Enterprise Resiliency

Enhanced our capability to anticipate and respond to disruption-related risks & increase preparedness to sustain critical operations



- Created a stronger, more reliable & resilient NYPA and power grid
 - Risk assessments identified external environmental drivers (i.e. hurricane, pandemic, floods) for multiple top enterprise risks
 - Business Resiliency framework developed and implemented in 2017
 - Update of Business Continuity and Pandemic Plans
 - Performed Business Impact Analysis to identify critical processes
 - Performed remote access drills
 - ICS and Cyber Security
- Transferred to Utility Operations in 2019 (Enterprise Resiliency)

NYPA's Pandemic Response



Swift Response:

- Employee Health and Safety
 - Work from home and wellness survey
 - Sequestration of essential operations employees
 - Pandemic safety practices and communications
- Liquidity Analysis and Actions
 - Cost containment and bond issuance
 - Capital and O&M pause
 - Reassessment of 2030 Strategy

Pandemic: Key Risk Insights

Top Risks Identified

- Financial Liquidity
- Customer Impact on NYPA and NYS
 - Creditworthiness
- Increased Operational Costs and Cost Recovery
- Return to Work
- Setting NYPA 2030 Goals
- NY State and Global Economic Health

Key Mitigation Plans

- Lessons Learned Initiative
- Rapid Risk Assessment Process
- Insurance Program Review
- External Benchmarks and Peer Collaboration
- Prioritized Canals Enterprise Risk for Capital Projects
- Deployment of EGRC to Business Units
- Rate freeze and deferred payment plan for Economic Development Customers



Evolving Risks to Monitor

- Legal / Regulatory Change
- Supply Chain and Cyber Security impacts
- 2nd and 3rd Pandemic Waves
- Privacy Data Management
- Future Business Model Threats

Top Key Risk Indicators

- Planned vs. actual capital spend
- Merchant Portfolio
 - Hedging %, Stop/Loss limits and VaR
- Monitor NYS Department of Health Daily COVID-19 Tracker for potential second wave
- Workers Compensation Claims Count and Costs
- Critical Cyber Vulnerability Remediation
- COVID-19 testing and Health & Wellness Surveys

KRI Summary



Strategic

- Planned spend vs. actual spend for NYPA major capital projects
- Planned spend vs. actual spend for Energy Services projects
- Committed vs. actual customer greenhouse gas emission reduction from Energy Efficiency projects



Financial

- Target vs. actual % hedged (annually) for four years*
- Gross margin Value at risk*
- Amount of aging receivables greater than 90 days (Energy Efficiency)
- Amount of aging receivables greater than 90 days (Utility Receivables)



Operational

- Lost MWH due to unplanned outages in hydro facilities
- % of critical cyber vulnerabilities remediated
- Planned vs. actual high priority maintenance performed



Human Resources

- Average days to fill vacancies
- Voluntary Attrition
- Successors Identified to fill critical positions



Compliance

- Number of evidence reviews for compliance monitoring program
- Mandatory NERC Compliance Training



Pandemic

- NY Regions that meet all 7 required criteria for reopening (Phase 2)
- Total paused projects vs. number of projects un-paused**
- % of NYPA employees tested**

● On-track ● Within 85% - 99% of threshold ● Off-track

* Recent modification in hedging strategy. KRIs to be incorporated as new strategy is integrated over the next several months.

** Initial reporting period. Threshold to be set and KRI to be evaluated as data becomes available.



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