



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

**January 31, 2017**

**Table of Contents**

<b><u>Subject</u></b>	<b><u>Page No.</u></b>	<b><u>Exhibit</u></b>
<b>Introduction</b>	<b>2</b>	
<b>1.</b> Adoption of the January 31, 2017 Proposed Meeting Agenda	<b>3</b>	
<b>2.</b> New York State Canal Corporation Committee Formation:	<b>4</b>	
<b>a.</b> Canal Committee Charters Resolution	<b>4</b>	<b>2a-A - 2a-D</b>
<b>b.</b> Canal Committee Appointments Resolution	<b>6</b>	
<b>3.</b> Motion to Conduct an Executive Session	<b>7</b>	
<b>4.</b> Motion to Resume Meeting in Open Session	<b>8</b>	
<b>5. CONSENT AGENDA:</b>	<b>9</b>	
<b>a.</b> Proposed Schedule of Board Meetings in 2017 Resolution	<b>10</b>	
<b>b.</b> Adoption of Expenditure Authorization Procedures for the New York State Canal Corporation Resolution	<b>11</b>	<b>5b-A</b>
<b>c.</b> Appointment of Officers of the Canal Corporation Resolution	<b>13</b>	
<b>6. DISCUSSION AGENDA:</b>	<b>14</b>	
<b>a.</b> 2017 Canal Corporation Budget Resolution	<b>14</b>	<b>6a-A; 6a-B</b>
<b>b.</b> Canal Corporation Integration - Update	<b>16</b>	
<b>c.</b> Canal Corporation By-laws Resolution	<b>17</b>	<b>6c-A; 6c-B</b>
<b>7. Next Meeting</b>	<b>19</b>	
<b>Closing</b>	<b>20</b>	

Minutes of the Regular Meeting of the New York State Canal Corporation held via video conference at the Clarence D. Rappleyea Building, 123 Main Street, White Plains, New York at approximately 10:00 a.m.

**Members of the Board present were:**

John R. Koelmel, Chairman  
Eugene L. Nicandri, Vice Chairman  
Dr. Anne M. Kress, Trustee  
Anthony J. Picente, Jr., Trustee  
Tracy McKibben, Trustee

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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
Parija Soubhagya	Senior Vice President and Chief Risk Officer
Jennifer Faulkner	Senior Vice President – Internal Audit
Kristine Pizzo	Senior Vice President – Human Resources
Karen Delince	Vice President and Corporate Secretary
Thomas Concadoro	Vice President and Controller
John Canale	Vice President – Procurement
Keith Hayes	Vice President – Marketing
Patricia Lombardi	Vice President - Project Management
Ethan Riegelhaupt	Vice President – Corporate Communications
Susan Craig	Director - Media Relations
Javier Bucobo	Principal Attorney II
Sylvia Louie	Senior Project Manager – Executive Office/Public and Regulatory Affairs
Lorna Johnson	Senior Associate Corporate Secretary
Sheila Baughman	Senior Assistant Corporate Secretary
Jaiah Gottor	Manager – Network Services – Infrastructure
Joseph Rivera	Network Architect – Infrastructure
Glenn Martinez	Senior Network Analyst – Infrastructure
Brian U. Stratton	Director - NYS Canal Corporation
Richard Kauffman	Chairman of Energy and Finance and Chairman of NYSERDA

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

**Introduction**

*Chairman Koelmel said this is a special day, the Board of Directors of the New York State Canal Corporation's first organizational meeting under the auspice of the New York State Power Authority. He welcomed the members and NYPA staff who were present at the meeting. He said that the meeting had been duly noticed as required by the Open Meetings Law and called the joint meeting of NYPA and Canal Corporation to order.*

1. **Adoption of the January 31, 2017 Proposed Meeting Agenda**

Upon motion made by Trustee McKibben and seconded by Vice Chairman Nicandri, the meeting Agenda was adopted.

**2. New York State Canal Corporation Committee Formation:**

**a. Canal Committee Charters**

The President and Chief Executive Officer submitted the following report:

SUMMARY

The members are requested to adopt the proposed Audit Committee Charter (Exhibit '2a-A'), Finance Committee Charter (Exhibit '2a-B'), and Governance Committee Charter (Exhibit '2a-C') as recommended by the Executive Vice President and General Counsel. The existing By-laws and Charters are attached as Exhibit '2a-D.'

BACKGROUND

Article 5, Title 1, Section 1005-b of the Public Authorities Law provides that the Canal Corporation (the 'Corporation') be continued and reconstituted as a subsidiary corporation of the New York Power Authority (the 'Authority') as of January 1, 2017. Subsection 5 provides that the Board members of the Canal Corporation shall be the same persons holding the offices of Trustees of the Authority.

The Canal Charters are amended to provide continuity with the Authority Charters in order to increase efficiency and coherence in Board and Committee governance procedures.

RECOMMENDATION

In accordance with the provisions set forth in Section 1005-b of the Public Authorities Law, it is necessary for the Board of the Canal Corporation to take certain actions in order to allow the Canal Corporation to function as subsidiary to, but legally distinct from the Authority. Accordingly, it is recommended that the Board adopt the Corporation Audit Committee Charter, the Finance Committee Charter, and the Governance Committee Charter."

*Mr. Justin Driscoll provided highlights of staff's recommendation to the Board. He said the members are requested to approve the three standing committees of the New York State Canal Corporation, a public benefit corporation and now a subsidiary of the New York Power Authority. He said staff is seeking the Board's approval of the designation of committee members of the new committees and recommends that the Corporation's committee members be the same as the members of the standing Power Authority committees and that the Chairs be the same; this will add efficiency and coherence with Power Authority matters. A minimum of two meetings per year is required; the committees should have not less than three members; and a quorum is a majority of the members. The Audit Committee Charter carries forward the same relationship between the Audit Committee and the Chief Audit Executive, the Controller and NYPA's external auditors.*

*Mr. Driscoll continued that the Charters before the Board mirror NYPA's standing committee Charters in all material respects. However, because the Canal Corporation is not empowered to issue debt, the language related to debt issuances, which is referenced in NYPA's Finance Committee Charter, was removed from the Canal Corporation's Finance Committee Charter.*

*In response to a question from Trustee McKibben, Mr. Driscoll said that the Authority's Internal Audit department will be providing auditing services to the Canal Corporation and joint meetings will consider Canal Corporation's matters, as necessary.*

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

**RESOLVED, That the Canal Corporation Audit Committee Charter attached hereto as Exhibit '2a-A,' be, and hereby is adopted; and be it further**

**RESOLVED, That the Canal Corporation Finance Committee Charter attached hereto as Exhibit '2a-B,' be, and hereby is adopted; and be it further**

**RESOLVED, That the Canal Corporation Governance Committee Charter attached hereto as Exhibit '2a-C,' be, and hereby is adopted; and be it further**

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

**b. Canal Committee Appointments**

The Chairman of the Authority submitted the following report:

“SUMMARY

The members are requested to approve the appointment, effective immediately, of the Authority’s Committee members to serve the Corporation in the same capacity until his or her successor is chosen and qualified or until his or her earlier removal, resignation or death.

BACKGROUND

Article 5, Title 1, Section 1005-b of the Public Authorities Law provides that the Canal Corporation (the ‘Corporation’) be continued and reconstituted as a subsidiary corporation of the New York Power Authority (the ‘Authority’) as of January 1, 2017. Subsection 5 provides that the Board members of the Canal Corporation shall be the same persons holding the offices of Trustees of the Authority.

RECOMMENDATION

In accordance with the provisions set forth Section 1005-b of the Public Authorities Law, it is necessary for the members to take certain actions in order to allow the Corporation to function as subsidiary to, but legally distinct from the Authority. It is recommended that the members adopt a resolution to appoint the Authority’s Committee members to serve the Corporation in the same capacity until his or her successor is chosen and qualified or until his or her earlier removal, resignation or death.”

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

**RESOLVED, That pursuant to Public Authorities Law, Section 1005-b, the Authority’s Committee members are hereby appointed, effective immediately, to serve the Canal Corporation in the same capacity until his or her successor is chosen and qualified or until his or her earlier removal, resignation or death.**

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

*I move that the Authority and Canal Boards conduct an executive session pursuant to the Public Officers Law of the State of New York sections §105 (f) to discuss the financial, credit or employment history of a particular person or corporation.* Upon motion made by Trustee McKibben and seconded by Vice Chairman Nicandri, an Executive Session was held.

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

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

Chairman Koelmel stated that no votes were taken during the Executive Session.

**5. CONSENT AGENDA:**

Upon motion made by Trustee McKibben and seconded by Trustee Picente, the Consent Agenda was approved.

a. **Proposed Schedule of Board Meetings in 2017**

The Vice President and Corporate Secretary submitted the following report:

“The following schedule of meetings for the year 2017 is recommended:

MONTH	MEETING DATE <i>(All meetings on Tuesday except where indicated)</i>
JANUARY	January 31, 2017 – WPO
FEBRUARY	No Meeting Scheduled
MARCH	March 21, 2017 – ANNUAL – WPO
APRIL	No Meeting Scheduled
MAY	May 24, 2017 – VIDEOCONFERENCE (Wednesday)
JUNE	No Meeting Scheduled
JULY	July 25, 2017 – WPO
AUGUST	No Meeting Scheduled
SEPTEMBER	September 26, 2017 – WPO
OCTOBER	No Meeting Scheduled
NOVEMBER	November 2, 2017 – WPO - Thursday <i>(Tentative Meeting Date subject to confirmation)</i>
DECEMBER	December 12, 2017 – WPO

**RECOMMENDATION**

The President and Chief Executive Officer and I support the proposed schedule for the Canal Corporation’s Board Meetings for the year 2017, as set forth in the foregoing report.

I recommend the approval of the proposed schedule.”

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

**RESOLVED, That the schedule of the Canal Corporation’s Board Meetings for the year 2017, as set forth in the foregoing report of the Vice President and Corporate Secretary, be, and hereby is, approved.**

**b. Adoption of Expenditure Authorization Procedures for the New York State Canal Corporation**

The President and Chief Executive Officer submitted the following report:

SUMMARY

The Canal Corporation's Board of Directors ('Canal Board') is requested to adopt Expenditure Authorization Procedures ('EAPs') governing procurements made by, or on behalf of the New York State Canal Corporation ('Canal Corp.') pursuant to Article VII, Section 5 of the Canal Corp.'s proposed By-Laws (Exhibit 5b-A).

The Canal Board is also requested to delegate to the Chairman the authority to modify existing authorization and execution limits relating to commitments for the approval of, award of and change orders to contracts that do not require approval by the Canal Board.

BACKGROUND

Article VII, Section 5 of the Canal Corp.'s proposed By-Laws requires that the Canal Board adopt expenditure authorization procedures which, among other things, govern contract approval authorizations and executions. Good governance dictates that these EAPs, attached hereto as Exhibit '5b-A,' be presented for the Board's review, approval and adoption.

DISCUSSION

Staff has identified the need to authorize certain levels of personnel (titles) to approve commitments, as well as to set forth the execution (signing) limits for certain purchasing and other personnel. The recommended EAPs will rightly place responsibility with those employees already accountable for such functions and streamline the procurement process, while at the same time maintaining appropriate controls on the process.

In addition, the Board is requested to delegate to the Chairman the authority to modify existing authorization and execution limits of the EAPs relating to commitments for the approval of, award of and change orders to contracts that do not require approval by the Trustees. This delegation of authority provides for a more efficient amendment process, eliminating the need to return to the Board each time circumstances dictate a necessary revision to the EAPs.

FISCAL INFORMATION

There will be no financial impact on the Canal Corp.

RECOMMENDATION

The Senior Vice President – Public and Regulatory Affairs and the Vice President – Strategic Supply Management, as well as the Director of Canals, recommend that the Canal Board adopt the Expenditure Authorization Procedures ("EAPs") governing procurements made by, or on behalf of the Canal Corporation and also delegate to the Chairman the authority to modify existing authorization and execution limits relating to commitments for the approval of, award of and change orders to contracts that do not require approval by the Canal Board.

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 Expenditure Authorization Procedures discussed in the foregoing report of the President and Chief Executive Officer, and attached hereto as Exhibit "5b-A," be hereby adopted; and be it further**

**RESOLVED, That the Chairman be authorized to modify the authorization and execution limits of the Expenditure Authorization Procedures relating to commitments for the approval of, award of and change orders to contracts that do not require approval by the Board; 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 Board are, and each of them hereby is, authorized on behalf of the Canal Corp. 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.**

**c. Appointment of Officers of the Canal Corporation**

The President and Chief Executive Officer submitted the following report:

**“SUMMARY**

The members are requested to appoint the Officers of the Corporation.

**BACKGROUND**

Article 5, Title 1, Section 1005-b of the Public Authorities Law provides that the Canal Corporation (the ‘Corporation’) be continued and reconstituted as a subsidiary corporation of the New York Power Authority (the ‘Authority’) as of January 1, 2017. Subsection 5 provides that the Board members of the Canal Corporation shall be the same persons holding the offices of Trustees of the Authority. Subsection 9 of the Public Authorities Law provides that the Corporation shall have the power to appoint officers.

**RECOMMENDATION**

In accordance with the provisions set forth in Section 1005-b of the Public Authorities Law, it is necessary for the Board of the Canal Corporation to take certain actions in order to allow the Canal Corporation to function as subsidiary to, but legally distinct from the Authority. It is recommended that the Board adopt the resolution to appoint the Authority Officers to serve the Corporation in the same capacity until his or her successor is chosen and qualified or until his or her earlier removal, resignation or death. As provided in the Public Authorities Law, the officers shall not receive any additional compensation, either direct or indirect, other than reimbursement for actual and necessary expenses incurred in the performance of his or her duties, by reason of serving as an Officer of the Corporation.”

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

**RESOLVED, That pursuant to Public Authorities Law, Section 1005-b the New York Power Authority Officers are hereby appointed, effective immediately, to serve the Canal Corporation in the same capacity until his or her successor is chosen and qualified or until his or her earlier removal, resignation or death.**

**6. DISCUSSION AGENDA:**

**a. 2017 Canal Corporation Budget**

The President and Chief Executive Officer submitted the following report:

“SUMMARY

The Canal Corporation Board of Directors (‘Canal Board’) is requested to approve the 2017 Budget for the Canal Corporation, specifically including expenditures for the (i) 2017 Operations and Maintenance (‘O&M’) Budget (attached as Exhibit ‘6a-A’), (ii) 2017 Capital Budget (attached as Exhibit ‘6a-B’), and (iii) 2017 Canal Development Fund Budget (collectively, the ‘2017 Canal Corporation Budgets’). The 2017 Canal Corporation Budgets set forth the expected expenses of the Canal Corporation and include the recommended expenditures in the following amounts:

<u>2017 Canal Corporation Budgets</u>	<u>(\$ million)</u>
O&M	\$ 84.3
Capital	\$ 60.5
Canal Development Fund	\$ 3.1

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 2017 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

2017 Canal Corporation O&M Budget

The 2017 O&M Budget of \$84.3 million reflects a concentration on the effective operation and maintenance of the Canal Corporation’s critical investments in New York State Canal System.

The 2017 O&M Budget for Operations provides appropriations for baseline, or recurring, work, along with new programs which have been created to more safely and effectively manage on-going operations. These programs include, but are not limited to, vegetation management (\$2.8 million), culvert cleaning and inspections (\$1.3 million), embankment inspections (\$1.0 million) and dam safety and bridge inspections ((\$0.9 million).

2017 Canal Corporation Capital Budget

The 2017 Capital Budget totals \$60.5 million, representing on-going and new capital projects. The significant projects for 2017 are: dam rehabilitation and repairs (\$16.1 million); IT projects (\$11.0 million); canal structure improvements (\$4.1 million); equipment and vessel replacement (\$4.2 million); wall repair/rehabilitation projects (\$4.0 million); lock rehab/rehabilitation (\$3.1 million).

2017 Canal Development Fund Budget

The 2017 Canal Development Fund Budget totals \$3.1 million, representing on-going 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 from 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.

The Chief Financial Officer recommends that the Canal Board approve the 2017 Budgets for the Canal Corporation, specifically including the expenditures for (i) 2017 Operations and Maintenance ('O&M') Budget (attached as Exhibit '6a-A'), (ii) 2017 Capital Budget (attached as Exhibit '6a-B'), and (iii) the 2017 Canal Development Fund Budget.

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 2017 Budget for the Canal Corporation, specifically including the expenditures for (i) 2017 Operations and Maintenance Budget, (ii) 2017 Capital Budget, and (iii) 2017 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.**

**b. Canal Corporation Integration - Update**

Ms. Harriman thanked the teams from the Canal Corporation and the Thruway Authority that worked with NYPA to accomplish the seamless transition of the Canal Corporation (a 450-person organization) to NYPA. She then provided an update of the accomplishments of staff to get to the Day One operations on January 1, 2017.

**Personnel**

All Canal staff have moved to new locations; equipment were deployed; training is being rolled-out; payroll for the 450 employees went live with no glitches; and transmission services agreements have been finalized.

**Governance**

The Authority will set up a governance structure, (Canal management committee), that will interact with NYPA's executives and Director Stratton to work on the transition and the transformation of the Canal Corporation, as well as high level day-to-day operational decisions, and set up an operating model for NYPA to employ, going forward. This will include reviewing some of the temporary IT solutions that were enacted to meet the Day One transition deadline, and the transition service agreements with the Thruway Authority for providing selective services in HR and other functions to NYPA, with a view to exiting those temporary solutions.

**Post-Transition Stabilization**

With the Trustees' approval of the Corporation's budget, NYPA will be able to secure and stabilize the asset, specifically on the "secure and stabilize" programs in vegetation management, embankment inspection, and culvert inspection. NYPA has a robust plan to roll-out those new inspection programs. NYPA plans to use lessons learned to adjust and evolve in those programs.

**Operation Improvement and Efficiencies**

NYPA will continue to look for operational improvement and efficiencies that it can introduce to the Corporation with the view to operating more efficiently in the canal communities.

Ms. Harriman ended by saying that NYPA has an ambitious agenda for the operation of the Canal Corporation and the Authority has a very efficient team in place to accomplish its goals.

**c. Canal Corporation By-laws**

The President and Chief Executive Officer submitted the following report:

**SUMMARY**

The members are requested to adopt the proposed Canal Corporation By-laws (Exhibit '6c-A') as recommended by the Executive Vice President and General Counsel. The existing By-laws are attached as Exhibit '6c-B.'

**BACKGROUND**

Article 5, Title 1, Section 1005-b of the Public Authorities Law provides that the Canal Corporation (the 'Corporation') be continued and reconstituted as a subsidiary corporation of the New York Power Authority (the 'Authority') as of January 1, 2017. Subsection 5 provides that the Board members of the Canal Corporation shall be the same persons holding the offices of Trustees of the Authority.

The Canal By-laws are amended to provide continuity with the Authority By-laws in order to increase efficiency and coherence in Board and Committee governance procedures.

**RECOMMENDATION**

In accordance with the provisions set forth Section 1005-b of the Public Authorities Law, it is necessary for the Board of the Canal Corporation to take certain actions in order to allow the Canal Corporation to function as subsidiary to, but legally distinct from the Authority. Accordingly, it is recommended that the Board adopt the proposed Corporation By-laws."

*Mr. Justin Driscoll provided highlights of staff's recommendation to the Board. He said that in order to facilitate the Canal Corporation's operations as a subsidiary of the Power Authority, while at the same time maintaining it as a distinct legal entity, it is necessary to effectuate a new set of Canal Corporation By-laws. He said the By-laws track, in all material respects, the Power Authority's By-laws and this was done to increase efficiency and coherence in Board and Committee governance procedures. He said the Thruway Authority adopted the same approach when it took Control the Canal Corporation in 1992.*

*He further stated that:*

- As directed by the legislature, the Board members of the Canal Corporation will be the same as the Board members of the Power Authority;*
- The Board should meet at least quarterly and the majority of the board members constitute a quorum, similar to the Power Authority's structure;*
- The officers of the Canal Corp are the same as NYPA's officers and have similar powers and duties as set forth in the By-laws;*
- The standing committees of the Canal Corporation are the same as the Power Authority - Audit, Governance and Finance - and the Committee members will be the same for the Canal Corporation as they are for the Power Authority;*
- The Board has to review and adopt an annual budget; Strategic Plan; Capital Plan and an Expenditure Plan; and*
- The board has the power to amend, alter or repeal the By-laws at any meeting in the future."*

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

**RESOLVED, That the Canal Corporation By-laws attached hereto as Exhibit "6c-A," be, and hereby are adopted; and be it further**

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

7. **Next Meeting**

The Annual meeting of the Canal Corporation's Board of Directors will be held on March 21, 2017 **at the Clarence D. Rappleyea Building, White Plains, New York**, unless otherwise designated by the Chairman with the concurrence of the Trustees.

**Closing**

Upon motion made by Trustee McKibben and seconded by Vice Chairman Nicandri, the meeting was adjourned at approximately 12:55 p.m.

*Karen Delince*

Karen Delince  
Corporate Secretary

**NEW YORK STATE CANAL CORPORATION**  
**AUDIT COMMITTEE CHARTER**

**A. PURPOSE**

The Audit Committee (“Committee”) oversees the work of the Internal Audit Department and monitors all internal audits and external audits performed by the Independent Auditor and other external agencies as well as management’s corrective action and implementation plans to all audit findings.

The responsibilities of the Committee are to: recommend to the Board the hiring of a certified independent accounting firm for the New York State Canal Corporation (“Corporation”), establish the compensation to be paid to the accounting firm and provide direct oversight of the performance of the independent audit conducted by the accounting firm hired for such purposes, provide direct oversight of the Internal Audit Department, and perform such other responsibilities as the Board may assign it.

**B. MEMBERSHIP AND ORGANIZATION**

**(1) Committee Composition**

The Committee will 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 corporate finance and accounting. 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 Corporation or an immediate family member of an employee of the Corporation. In addition, Committee members shall not engage in any private business transactions with the Corporation or receive compensation from any private entity that has material business relationships with the Corporation, or be an immediate family member of an individual that engages in private business transactions with the Corporation or receives compensation from an entity that has material business relationships with the Corporation.

**(2) Term**

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 member of the Board. 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.

## EXHIBIT A

### **(3) Removal**

A Committee member may be removed if he or she is removed as a member of the Board 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 Committee members selected by the Board.

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

The Committee shall hold regularly scheduled meetings at least twice per year. A Committee member may call a special meeting of the Committee individually, or upon the request of the Corporation's President and Chief Executive Officer ("CEO"), Executive Vice President and Chief Operating Officer ("COO"), Executive Vice President and General Counsel ("GC"), Executive Vice President and Chief Financial Officer ("CFO"), Chief Risk Officer ("CRO"), Controller, or Chief Audit Executive of the Internal Audit Department ("CAE"). 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.

In addition, the Committee: (1) will meet at least twice a year with the CAE for the purpose of reviewing audit activities, audit findings, management's response, remediation action plans, and providing the CAE with an opportunity to discuss items and topics of relevance with the Committee; (2) will meet at least twice a year with the Corporation's independent auditors to discuss the audit work plans, objectives, results and recommendations; and (3) may meet independently with the Corporation's CEO, COO, GC, CFO, CRO, Controller, or CAE 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. Pre-Approval of audit and non-auditing services as appropriate, all auditing services and non-audit services to be performed by independent auditors will be presented to and pre-approved by the Committee:

## EXHIBIT A

1. External Audit Approach Plans: Independent auditor presents approach/service plan, which is to be submitted to the Committee electronically;
  2. Internal Audit Activity Report: CAE provides overview of Internal Audit activities; and
  3. Risk Management: CRO provides an overview of Risk Management activities.
- e. 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.
  - f. Status of audit activities, as appropriate; representatives of the certified independent accounting firm or Corporation management will discuss with the Committee significant audit findings/issues, the status of on-going audits, and the actions taken by Corporation management to implement audit recommendations.
  - g. Copies of handouts or materials presented to the Committee.

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. FUNCTIONS AND POWERS**

The Committee has the following responsibilities:

#### **(1) General Powers**

The Committee may call upon the resources of the Corporation to assist the Committee in the discharge of its oversight functions. Such assistance may include the assignment of Corporation staff and the retention of external advisors subject to the requirements of the Public Authorities Law and the Corporation's Expenditure Authorization Procedures. The Committee may communicate directly with the CEO.

The Committee may direct any Corporation employee to make oral or written reports to the Committee on issues and items within the Committee's purview.

The Committee may direct the Corporation's internal auditors to conduct special audits of items and issues of concern to the Committee.

#### **(2) Accounting, Financial Reporting, and Oversight of Independent Accountants and Controller**

The Committee will seek to enhance the integrity, quality, reliability and accuracy of the Corporation's financial statements and accompanying notes, and will oversee the relationship with the Corporation's independent accountants. To accomplish these objectives, the Committee will:

## EXHIBIT A

- a. Provide advice to the Board on the selection, engagement, compensation, evaluation and discharge of the independent accountants.
- b. Review and discuss as necessary the Corporation's financial statements including any material changes in accounting principles and practices with the independent accountants, the Controller, or members of Corporation management.
- c. Review and approve the Corporation's annual audited financial statements (including the independent accountants' associated management letter).
- d. Oversee the establishment of procedures for the effective receipt and treatment of (i) complaints regarding auditing, internal auditing and accounting matters, and (ii) the confidential submission of concerns raised by whistleblowers and other persons regarding accounting or auditing practices.
- e. Review at least annually the scope, objectives and results of the independent auditors' examination of the annual financial statements and accompanying notes, and report to the Board on the Committee's findings.
- f. Assure the independence of the independent accountants by approving any non-audit work by them for the Corporation and examining the independent auditor's relationship with the Corporation.
- g. Report to the Board on any matters relevant to the audit process or independent accountant communications, and make such recommendations as the Committee deems appropriate.

### **(3) Risk Management, Internal Controls and Oversight of the Internal Audit Department**

The Committee will seek to enhance the Corporation's risk management infrastructure, and ensure timely and effective identification and mitigation of critical business risks. To accomplish these objectives, the Committee will:

- a. Have authority over appointment, dismissal, compensation and performance reviews of the CAE. The CAE will report directly to the Committee.
- b. Review the charter, activities, staffing and organizational structure of the Internal Audit Department with Corporation management and the CAE.
- c. Ensure that the Internal Audit Department is organizationally independent from Corporation operations.
- d. Provide oversight of the Internal Audit Department and its resources and activities to facilitate the Internal Audit Department's improvement of internal controls.
- e. Review Internal Audit reports and recommendations of the CAE. This review will include a discussion of significant risks reported in the Internal Audit reports, and

## EXHIBIT A

an assessment of the responsiveness and timeliness of management's follow-up activities pertaining to the same.

- f. Require the CAE to attend any meeting of the Committee and to prepare and deliver such reports as the Committee requests.
- g. Provide guidance to the Corporation's CRO and enterprise risk management program on critical business objectives, risks and philosophy and tolerance for risk mitigation, and establish requirements for the CRO to report to the Committee.
- h. Report at least annually to the Board on matters relating to the internal audit function and the enterprise risk management program, and make such recommendations as the Committee deems appropriate.
- i. Present periodic reporting to the Board on how the Committee has discharged its duties and met its responsibilities, and regularly report activities, issues and recommendations.
- j. Review the Committee's charter annually, reassess its adequacy, and recommend any proposed changes to the Board.
- k. Conduct an annual self-evaluation of performance, including its effectiveness and compliance with the charter.

**NEW YORK STATE CANAL CORPORATION**  
**FINANCE COMMITTEE CHARTER**

A. PURPOSE

The purpose of the Finance Committee (“Committee”) is to provide guidance to the Board and management concerning financial matters of the Corporation; review proposals for the issuance of debt by the Corporation; and perform such other responsibilities as the Board shall assign to it.

B. MEMBERSHIP AND ORGANIZATION

(1) Committee Composition

The Committee shall be comprised of not less than three independent members of the Board. All members shall possess the necessary skills to understand the duties and functions of the Committee. Committee members and the Committee Chair shall be selected by a vote of the Board.

(2) Term

Committee members shall serve for a period of five years subject to their term of office under the 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 member of the Board. 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 member of the Board for cause, subject to Public Authorities Law § 2827, or is no longer eligible to serve as a Committee member.

(4) Meetings and Quorum

The Committee shall hold a regular meeting at least once annually and may meet more often as needed to fulfill its responsibilities. A Committee member may call a special meeting of the Committee individually, or upon the request of the Corporation’s President and Chief

## EXHIBIT B

Executive Officer, Chief Operating Officer, Executive Vice President and General Counsel, Executive Vice-President and Chief Financial Officer, Senior Vice President – Corporate Planning and Finance, or Treasurer.

An agenda shall be prepared and distributed to each Committee member prior to each such meeting and minutes shall be prepared in accordance with the New York Open Meetings Law. A majority of the total Committee composition established pursuant to section B(1) of this Charter shall constitute a quorum for the purposes of conducting the business of the Committee and receiving reports.

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. FUNCTIONS AND POWERS

The Committee shall provide guidance to the Board and management concerning the Corporation's practices relating to ~~capital structure, debt issuances, interest rate risk management, and~~ such ~~other~~ financial matters as the Board shall assign to it.

The Committee shall the annual budget of the Canal Corporation and any other financial matter that the Board deems appropriate ~~review proposals for the issuance of Corporation debt and the use of any related financial derivative instruments and make appropriate recommendations to the Board.~~

The Committee may call upon the resources of the Corporation to assist the Committee in the discharge of its responsibilities.

**NEW YORK STATE CANAL CORPORATION**  
**GOVERNANCE COMMITTEE CHARTER**

A. PURPOSE

The purpose of the Governance Committee (“Committee”) is to: keep the Board informed of current best governance practices; review corporate governance trends; recommend updates to the Corporation’s corporate governance principles; advise appointing authorities on the skills and experiences required of potential members of the Board; examine ethical and conflict of interest issues; perform Board self-evaluations; review and recommend by-laws which include rules and procedures for conduct of Corporation business; and perform such other responsibilities as the Board shall assign to it.

B. MEMBERSHIP AND ORGANIZATION

(1) Committee Composition

The Committee shall be comprised of not less than three independent members of the Board. All members shall possess the necessary skills to understand the duties and functions of the Committee. Committee members and the Committee Chair shall be selected by a vote of the Board.

(2) Term

Committee members shall 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 member of the Board. 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 member of the Board for cause, subject to Public Authorities Law § 2827, or is no longer eligible to serve as a Committee member.

(4) Meetings and Quorum

The Committee shall hold regularly scheduled meetings at least twice per year. A Committee member may call a special meeting of the Committee individually, or upon the request of the Corporation’s Chair, President and Chief Executive Officer, Vice President and Chief Ethics and Compliance Officer, Executive Vice President and Chief Operating Officer, Executive Vice President and General Counsel, or Vice President Enterprise Shared Services.

## EXHIBIT C

In addition, the Committee shall meet at least twice per year with the Corporation's Vice President and Chief Ethics and Compliance Officer to discuss the effectiveness of the organization's overall ethics and compliance program and reported instances of Code of Conduct violations. These meetings may be held as part of a regular or special meeting in the Committee's discretion.

An agenda shall be prepared and distributed to each Committee member prior to each meeting and minutes shall be prepared in accordance with the New York Open Meetings Law. A majority of the total Committee composition established pursuant to section B(1) of this Charter shall constitute a quorum for the purposes of conducting the business of the Committee and receiving reports.

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. FUNCTIONS AND POWERS

#### (1) Code of Conduct, Ethics, Compliance and Governance Practices

The Committee shall seek to: (1) ensure the effectiveness of management's monitoring of the Corporation's compliance with the Corporation's Code of Conduct and programs and Corporation policies designed to ensure the Corporation's compliance with legal and regulatory matters; and (2) promote honest and ethical conduct by Corporation Board members, officers and employees to enhance public confidence in the Corporation. To accomplish these objectives the Committee shall:

- a. Review at least annually the Corporation's Code of Conduct, and require the Corporate Secretary to coordinate revisions to the Code for consideration and approval by the Board.
- b. Provide oversight and guidance to the Corporation's Vice President and Chief Ethics and Compliance Officer relating to the programs and policies of the Corporation designed to ensure compliance with applicable laws and regulations.
- c. Advise the Board on current best governance practices and trends.
- d. Periodically review and as necessary recommend changes to the Corporation's By-laws.
- e. Periodically review and as necessary recommend changes to the Corporation's written corporate policies, including policies relating to conflicts of interest, corporate governance principles, equal opportunity employment, procurement of goods and services, acquisition and disposition of real and personal property or interests therein, record keeping and reporting of contacts by persons who attempt to influence the

## EXHIBIT C

Corporation's procurement process, regulations and rate proceedings, and the protection of whistleblowers.

f. Report at least annually to the Board on matters relating to the Corporation's compliance with the Code of Conduct and applicable legal and regulatory matters, and make such recommendations as the Committee deems appropriate.

### (2) Board Performance

The Committee shall advise Board member appointing authorities on the skills and experiences required of the Board, and perform Board self-evaluations.

### (3) Investigations and Meetings

The Committee shall have the authority to authorize investigations into any matter within the Committee's purview. The Committee may retain independent counsel, accountants, or other professionals pursuant to the Corporation's procurement and expenditure policies and procedures to assist it in the conduct of any such investigations. The Committee shall have the authority to meet with Corporation staff on compliance issues.

### (4) Reports

The Vice President and Chief Ethics and Compliance Officer, Vice President Procurement, and the Vice President Enterprise Shared Service shall report to the Committee at all regularly scheduled meetings.

The Committee shall have the authority to require Ethics, Procurement and Real Estate staff to prepare additional reports and to produce documents for Committee review.

## NEW YORK STATE CANAL CORPORATION BYLAWS AND CHARTERS

### Audit Committee

(Established November 16, 2006)

#### Committee Charter

TAP-113 (09/2013)

New York State Thruway Authority

New York State Canal Corporation

#### Purpose

In conformance with §2824(4) of the Public Authorities Law, the purpose of the Audit Committee ("Committee") is to assist the New York State Thruway Authority and the New York State Canal Corporation ("Authority/Corporation") Boards ("Boards") to oversee the:

- Quality and integrity of the financial statements of the Authority/Corporation and the Canal Development Fund;
- Qualifications and independence of the Authority/Corporation's independent auditor;
- Authority/Corporation's internal controls and compliance systems;
- Authority/Corporation's compliance with applicable financial, legal and regulatory requirements; and
- Performance of the Authority/Corporation's internal audit function.

#### Membership

Subject to statutory requirements, the Committee shall consist of three (3) or more independent Board members, who shall constitute a majority of the Committee; provided, however, that in the event the Boards have less than three (3) independent members, the Chairman of the Boards may appoint non-independent members to the Committee, provided that the independent members constitute a majority of the Committee. The Chairman of the Boards shall serve as an ex officio member of the Committee. All members shall possess the necessary skills to understand the duties and functions of the Committee and shall be familiar with corporate financial and accounting practices.

For the purposes of this Charter, the definition of what constitutes an independent Board Member shall be the same as outlined in §2825 of the Public Authorities Law, as amended. The Chairman of the Boards is authorized to establish Committee membership and change such membership as the Chairman deems appropriate.

#### Meetings

The Committee shall meet a minimum of twice a year, with the expectation that additional meetings may be required to adequately fulfill all the obligations and duties outlined in this

## EXHIBIT D

Charter. One meeting shall be held prior to commencement of the annual independent audit of the Authority/Corporation's financial statements to review the audit plan and to review progress made on any recommendations from the prior year's audit. The second meeting shall be held after the annual independent audit is completed. Committee members shall be furnished with copies of the minutes of each meeting. Committee meetings shall be conducted in accordance with applicable provisions of Article 7 of the Public Officers Law, including the notice and minutes requirements thereof.

A majority of the members of the Committee then sitting shall constitute a quorum for the transaction of any business or the exercise of any power or function of the Committee and the Committee shall have the power to act by a majority of the members present (in person or via video conference) at any meeting.

### Authority and Responsibilities

The Boards have delegated to the Committee the following power and authority necessary to discharge its duties:

### Oversight of the Authority/Corporation's Independent Auditor

The Committee shall:

1. Recommend to the Boards the hiring of an independent auditor including, but not limited to, the scope of services and the compensation terms for the retention of such auditor. In no event shall the independent auditor be permitted to provide non-audit services to the Authority/Corporation or services which may pose a conflict or impairment of independence.
2. Review the performance of the Authority/Corporation's independent auditor team.
3. Review Executive Staff's assessment on the Authority/Corporation's independent auditor's internal quality control procedures, or any material issues raised by the most recent internal quality control review or peer review of the firm and all relationships between the independent auditor and the Authority/Corporation.

### Financial Statements and Disclosure Matters

The Committee shall:

1. Review significant accounting and reporting policies and issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements, and understand their impact on the financial statements.
2. Review and discuss any significant risks reported in the independent audit findings and recommendations, and assess the responsiveness and timeliness of Executive Staff's follow-up activities pertaining to those risks.
3. Meet with the Authority/Corporation's independent auditor at least annually, to discuss the financial statements of the Authority/Corporation and any deficiencies noted with the Authority/Corporation's management systems and operations.
4. Review reports from the Authority/Corporation's independent auditor or the Chief Financial Officer, if any, on:

## EXHIBIT D

- a. Changes to significant accounting policies and practices.
  - b. All alternative treatments of financial information within generally accepted accounting principles.
  - c. Other material written communications between the Authority/Corporation's independent auditor and the Authority/Corporation Executive Staff such as any management letter or schedule of unadjusted differences.
  - d. Internal controls and the attestation of such reports by the Authority/Corporation's independent auditor.
5. Review, discuss and accept, in consultation with the Executive Director, the Chief Financial Officer and the Authority/Corporation's independent auditor, the annual audited financial statements of the Authority/Corporation, including related disclosures, the management discussion and analysis section of such statements, and the single audit.
  6. Review, discuss and accept, as the Committee deems appropriate, in consultation with the Executive Director and the Chief Financial Officer, the Authority/Corporation's financial report(s), including the results of the Authority/Corporation's independent auditor's review of such report(s), if any.

### **Oversight of the Authority/Corporation's Internal Audit Function**

The Committee shall:

1. Review Executive Staff's summary of the activities of the Department of Audit and Management Services and the Bureau of Fiscal and Toll Audit of the Department of Finance and Accounts including any identified material issues. The Committee will review audit reports and approve procedures for implementing the accepted recommendations, when necessary.
2. Approve the scope of the annual audit plans prepared by the Department of Audit and Management Services and the Bureau of Fiscal and Toll Audit submitted by the Director of Audit and Management Services.
3. Review and adjust, as necessary, the reporting structure for the internal audit function to maintain organizational independence.
4. Review Executive Staff reports on internal controls as required by the New York State Governmental Accountability, Audit and Internal Control Act.

### **Compliance Oversight Responsibilities**

The Committee shall:

1. Review reports from the Executive Director, the Chief Financial Officer, the General Counsel and the Authority/Corporation's independent auditor regarding the Authority/Corporation's conformity with applicable financial legal requirements.
2. Review all reports sent to or delivered by the Office of the State Inspector General (OSIG) (or, where applicable, the Director of Audit and Management Services) to the Authority/Corporation.
3. Ensure procedures are in place for the confidential receipt, retention and investigation of complaints regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding auditing

## EXHIBIT D

matters or allegations of fraud, corruption, criminal activity, waste or abuse and for the referral of appropriate matters to the Director of Audit and Management Services or OSIG.

4. Investigate compliance with the Authority/Corporation's policies and/or refer instances of non-compliance to OSIG (or, where applicable, the Director of Audit and Management Services) for investigation.
5. Discuss with the General Counsel any legal matters that may have a material impact on the financial statements or the Authority/Corporation's compliance policies.

### Other Responsibilities

The Committee shall:

1. Obtain the necessary training to enhance Committee members' understanding of the role of internal audits and the independent auditor, the risk management process, internal controls and to attain a certain level of familiarity in financial reporting standards and processes.
2. Review and reassess the adequacy of this Charter, annually, and recommend to the Boards any proposed amendments to this Charter as the Committee deems appropriate.
3. Conduct an annual self-evaluation of its performance, including its effectiveness and compliance with this Charter.
4. Institute and oversee special investigations as needed.
5. Perform such other duties as the Committee considers appropriate.

## Finance Committee

(Established April 1, 2010)

### Committee Charter

TAP-123 (09/2013)

New York State Thruway Authority

New York State Canal Corporation

### Purpose

In conformance with §2824(8) of the Public Authorities Law, the purpose of the Finance Committee ("Committee") is to assist the New York State Thruway Authority and the New York State Canal Corporation ("Authority/Corporation") Boards ("Boards") by:

- Examining financial policies and financial matters of the Authority/Corporation, including the management of budgets, investments and toll rates;
- Reviewing proposals for the issuance of debt; and
- Advising on risk management.

### Membership

## EXHIBIT D

Subject to statutory requirements, the Committee shall consist of three (3) or more independent Board members, who shall constitute a majority of the Committee; provided, however, that in the event the Boards have less than three (3) independent members, the Chairman of the Boards may appoint non-independent members to the Committee, provided that the independent members constitute a majority of the Committee. The Chairman of the Boards shall serve as an ex officio member of the Committee. All members shall possess the necessary skills to understand the duties and functions of the Committee.

For the purposes of this Charter, the definition of what constitutes an independent Board Member shall be the same as outlined in §2825 of the Public Authorities Law, as amended. The Chairman of the Boards is authorized to establish Committee membership and change such membership as the Chairman deems appropriate.

### Meetings

The Committee shall meet a minimum of twice a year, with the expectation that additional meetings may be required to adequately fulfill all the obligations and duties outlined in this Charter. Committee members shall be furnished with copies of the minutes of each meeting. Committee meetings shall be conducted in accordance with applicable provisions of Article 7 of the Public Officers Law, including the notice and minutes requirements thereof. A majority of the members of the Committee then sitting shall constitute a quorum for the transaction of any business or the exercise of any power or function of the Committee and the Committee shall have the power to act by a majority of the members present (in person or via video conference) at any meeting.

### Authority and Responsibilities

The Boards have delegated to the Committee the power and authority necessary to discharge its duties, including the right to review, discuss and accept, as the Committee deems appropriate, the Authority/Corporation's:

1. Annual Budget and financial plans and any changes thereto.
2. Quarterly and Annual Investment Reports.
3. Multi-Year Capital Program.
4. Annual Contracts Program.
5. Proposals for toll rate and fee adjustments.
6. Proposals for modifications to various financial guidelines, including, but not limited to, Guidelines for Entering Into Payment Agreements.
7. Proposed General Revenue and State Supported Debt bond transactions and hedge transactions.
8. Policies and/or practices with regards to risk assessment and management, including policies and/or practices governing the process by which the Authority/Corporation's exposure to risk is handled.

### Other Responsibilities

The Committee shall:

1. Obtain the necessary training to enhance Committee members' understanding of corporate and public finance.
2. Review and reassess the adequacy of this Charter, annually, and recommend to the Boards any proposed amendments to this Charter that the Committee deems appropriate.
3. Conduct an annual self-evaluation of its performance, including its effectiveness and compliance with this Charter.
4. Perform such other duties as the Committee considers appropriate.

## **Governance Committee**

(Established March 3, 2005)

### **Committee Charter**

TAP-114 (12/2014)

New York State Thruway Authority

New York State Canal Corporation

### **Purpose**

In conformance with §2824(7) of the Public Authorities Law, the purpose of the Governance Committee (“Committee”) is to assist the New York State Thruway Authority and the New York State Canal Corporation (“Authority/Corporation”) Boards (“Boards”) by:

- Keeping the Boards informed of current best practices in corporate governance, including reviewing corporate governance trends, and recommending updates to the Authority/Corporation’s corporate governance policies;
- Advising those responsible for appointing members to the Boards on the skills, qualities and professional or educational experiences necessary to be effective Board Members;
- Examining ethical and conflict of interest issues;
- Performing self-evaluations of the Boards; and
- Recommending Bylaws which include rules and procedures for the conduct of Board business.

### **Membership**

Subject to statutory requirements, the Committee shall consist of three (3) or more independent Board Members, who shall constitute a majority on the Committee; provided, however, that in the event the Boards have less than three (3) independent members, the Chairman of the Boards may appoint non-independent members to the Committee, provided that the independent members constitute a majority of the members of the Committee. The Chairman of the Boards shall serve as an ex officio member of the Committee. All members shall possess the necessary skills to understand the duties and functions of the Committee.

## EXHIBIT D

For the purposes of this Charter, the definition of what constitutes an independent Board Member shall be the same as outlined in §2825 of the Public Authorities Law, as amended. The Chairman of the Boards is authorized to establish Committee membership and change such membership as the Chairman deems appropriate.

### Meetings

The Committee shall meet a minimum of twice a year, with the expectation that additional meetings may be required to adequately fulfill all the obligations and duties outlined in this Charter. Committee members shall be furnished with copies of the minutes of each meeting. Committee meetings shall be conducted in accordance with applicable provisions of Article 7 of the Public Officers Law, including the notice and minutes requirements thereof. A majority of the members of the Committee then sitting shall constitute a quorum for the transaction of any business or the exercise of any power or function of the Committee and the Committee shall have the power to act by a majority of the members present (in person or via video conference) at any meeting.

### Authority and Responsibilities

The Boards have delegated to the Committee the necessary power and authority to discharge its duties:

### Relationship to the Boards

The Boards have delegated to the Committee the responsibility to review, develop, draft, revise or oversee policies for which the Committee has specific expertise, as follows:

1. Review and reassess the Authority/Corporation's governance policies and practices, and recommend to the Boards suggested revisions. These policies and practices should address transparency, independence, accountability, fiduciary responsibilities, and management oversight.
2. Develop the competencies and personal attributes required of Board Members to assist those authorized to appoint Members to the Boards in identifying qualified individuals.
3. Develop and provide recommendations to the Boards on performance evaluations, including coordination and oversight of such evaluations of the Boards.
4. Examine ethical and conflict of interest issues and make recommendations to the Boards.

### Evaluation of Authority/Corporation Policies\*

\* For the purposes of this Charter, policies shall mean general policies approved by the Boards. The Executive Director is authorized to issue policy guidance to employees through the issuance of bulletins, directives, procedures or other publications.

The Committee shall:

1. Review on an annual basis pursuant to §2896(1) of the Public Authorities Law and recommend to the Boards for their review and approval any revisions to the Authority/Corporation's written policies regarding the disposition of real and personal property and the acquisition of real property or interests therein.

## EXHIBIT D

2. Review and recommend to the Boards any revisions to the Authority/Corporation ethics policies. Such policies shall be at least as stringent as required by applicable laws, rules and regulations.
3. Review and recommend to the Boards any revisions to the Authority/Corporation's written policies regarding the protection of whistleblowers from retaliation.
4. Review and recommend to the Boards any required revisions to the Authority/Corporation's equal opportunity and affirmative action policies.
5. Review and recommend to the Boards any revisions to the Authority/Corporation's written policies relating to the recording of lobbyists who attempt to influence: the adoption or rejection of any Authority/Corporation rule or regulation having the force and effect of law; or the outcome of any Authority/Corporation rate making proceeding.
6. Review and recommend to the Boards any revisions to the Authority/Corporation's written policies regarding the procurement of goods and services, including policies relating to the disclosure of persons who attempt to influence the Authority/Corporation procurement process.
7. Develop and recommend to the Boards any other policies or documents relating to the governance of the Authority/Corporation, including rules and procedures for conducting the business of the Boards (such as the Authority/Corporation Bylaws). The Committee will oversee the implementation and effectiveness of the Bylaws and other governance documents and recommend modifications as needed.

### **Other Responsibilities**

The Committee shall:

1. Obtain the necessary training to enhance Committee members' understanding of good governance standards and processes.
2. Review and reassess the adequacy of this Charter, annually, and recommend to the Boards any proposed amendments to this Charter that the Committee deems appropriate.
3. Conduct an annual self-evaluation of its performance, including its effectiveness and compliance with this Charter.
4. Pursuant to §2824-a of the Public Authorities Law, annually re-examine the Authority/Corporation's mission statement and the measurements by which performance of the Authority/Corporation and achievement of its goals may be evaluated, and publish a self-evaluation based on the stated measurements.
5. Obtain advice and assistance from in-house or outside counsel, accounting and other advisors as the Committee deems necessary.
6. Perform such other duties as the Committee considers appropriate.

New York State Canal Corporation  
 Expenditure Authorization Procedures-Attachment A  
 Approval Limits-Requisitions for Commitments  
 Non-Personal Services, Personal Services, Construction, Equipment Purchases and Non-Procurement Contracts

Title	If Awarded to: Low Bidder	If Awarded to: Non-Low bidder, Sole or Single Source	Cumulative Change Order Limit (Subject to Rebidding Thresholds, see page 3)
Manager Planning & Environmental Services, Manager Engineering & Maintenance, Policy & Program Development Director Special Projects, Manager Administrative Services, Division Canal Engineer Civil Engineer 5	to \$250,000	to \$100,000	to \$100,000
Deputy Director Engineering & Maintenance, Executive Deputy	to \$500,000*	to \$250,000	to \$250,000
Canal Board	Over \$500,000	Over \$250,000	Over \$250,000
Canal Board Approval is also required when:			
1. The term of a Non-Personal Services, Personal Services or Construction contract exceeds one year, including any extensions or options.			
2. The initial term of less than one year for Non-Personal Services, Personal Services or Construction contracts extends beyond one year.			
3. Cumulative Change Orders exceed \$250,000.			
*Individual Purchase Order Releases (PORs) to approved Value Contracts are "absolute" amounts, to be authorized per the approval limits for "award to low bidder".			

New York State Canal Corporation  
 Expenditure Authorization Procedures-Attachment B  
 Approval Limits for Signing  
 (Includes all Purchase Orders, Contracts and Change Orders)

Contract Management Specialist 1 (SG 18)	to \$5,000
Contract Management Specialist 2 (SG23), Administrative Officer (SG 23)	to \$100,000
Manager Administrative Services (SG 34)	to \$250,000
Executive Deputy (SG 35)	to \$500,000
NYPA VP - Procurement	to \$10,000,000
NYPA VP - Enterprise Shared Services (Real Estate and Fleet Disposal Transactions only)	to \$10,000,000
NYPA SVP - Public & Regulatory Affairs	to \$10,000,000
NYPA President, Chairman or Chief Operating Officer	over \$10,000,000
Notes:	
1. All delegations of authority must be in writing.	
2a. For "Value Contracts" , the Approval Limits for Signing Purchase Order Releases (POR's) are absolute amounts.	
2b. For Change Orders to Purchase Orders or Contracts, the Approval Limit for Signature is based on Cumulative Change Order total.	
*Source Data for proposed NYS Canal Corporation Expenditure Authorization	
-NYPA EAP 1.0 Rev 10	
-NY State Canal Corporation P.O. and Contract Approval level Matrix	
-Canal Organization Design dated 11/21/16	

### CHANGE ORDER APPROVALS AND REBIDDING THRESHOLDS

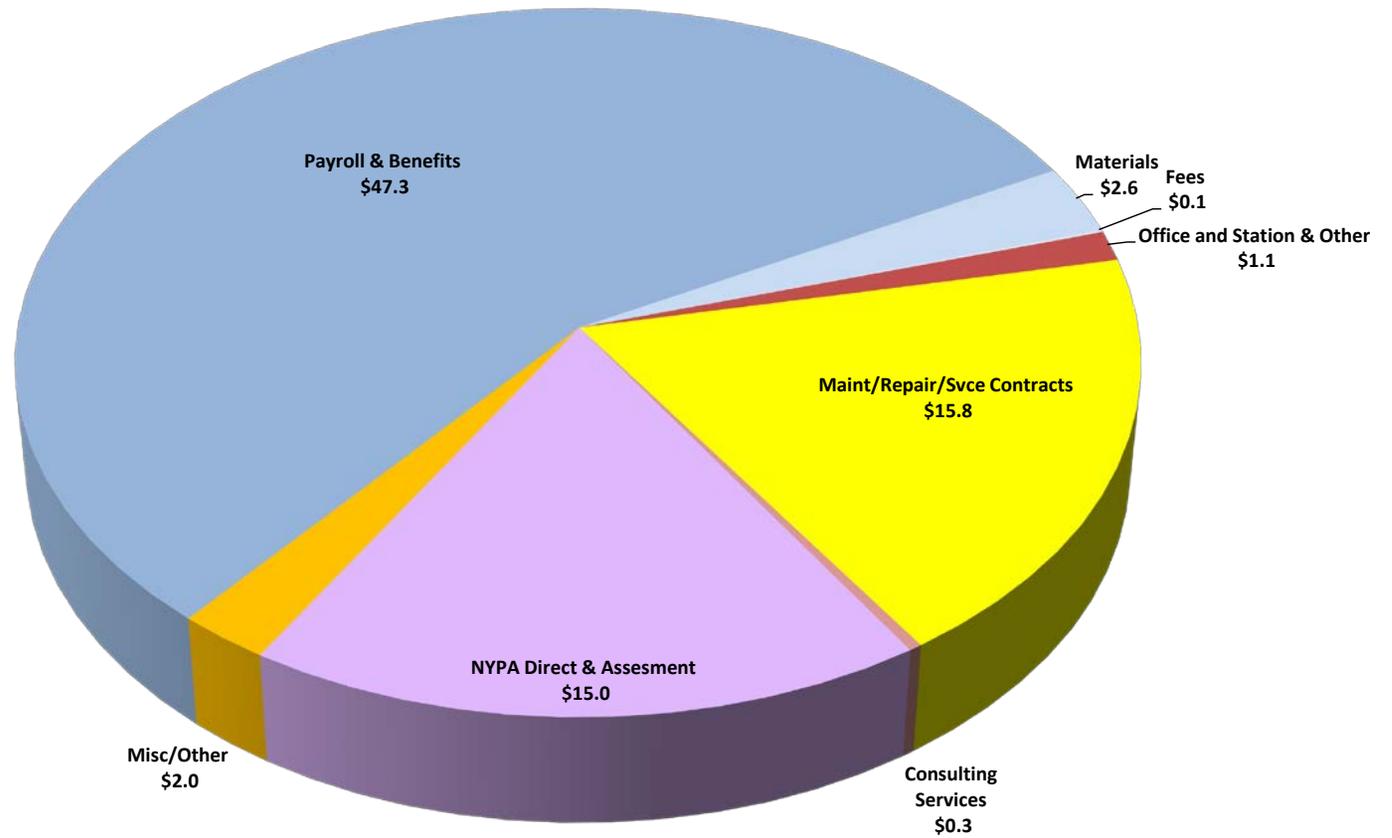
1. A) For Contracts with initially approved amounts of **\$100,000 or less**, rebidding will occur when the total cumulative value of Change Orders exceeds \$25,000.  
  
B) **If rebidding is not feasible**, any request to increase funding for such Contracts must be supported by a detailed memorandum explaining the need for additional funding in excess of the \$25,000 threshold. The memorandum shall be approved by the Executive Deputy and forwarded to the NYPA VP - Procurement for review and final approval.
2. A) For Contracts with initially approved amounts **exceeding \$100,000**, rebidding will occur when the total cumulative value of Change Orders exceeds \$250,000.  
  
B) **If rebidding is not feasible**, any request to increase funding for such Contracts must be supported by a detailed memorandum explaining the need for additional funding in excess of \$250,000. The memorandum shall be signed by the Executive Deputy and forwarded to the NYPA VP – Procurement for review, followed by transmittal to the NYPA President, Chairman or Chief Operating Officer for approval, prior to obtaining the Canal Board’s approval.
3. Rebidding should commence as soon as it is recognized that the Contract value will exceed these thresholds, even if the term of the Contract is not complete.
4. Once the approval of such additional funding is received, any subsequent increase in funding requires an additional memorandum for the NYPA President's, Chairman’s or Chief Operating Officer’s approval, until either the Canal Board’s approval is obtained or the Contract is rebid.
5. Typical bases for additional funding in excess of \$250,000 include an "emergency condition" (as defined in the Authority's Guidelines for Procurement Contracts) which necessitates the additional funding; a situation where it is impractical to rebid (e.g., a construction project where it would not be reasonable to change contractors) or other reasons as provided for in the Procurement Guidelines.
6. Underestimating the scope of a Contract or failure to rebid in a timely fashion are not acceptable reasons for extending a Contract or increasing its value by more than \$250,000.

The term “Contracts” as used in above policy refers to any and all Commitments for the purchase of goods or services made by NYS Canal Corporation.

**O&M: 2017 Budget By Cost Element (\$millions)**

Exhibit A: 1 of 2

**\$84.3 million**



January 31, 2017

**BY-LAWS  
of the  
NEW YORK STATE CANAL CORPORATION**

Originally Adopted.....September 2, 1992.

## **ARTICLE I – Offices**

### **Section 1. Principal Office**

The principal office of the New York State Canal Corporation (hereinafter referred to as the "Corporation") shall be its Albany, New York office.

### **Section 2. Other Offices**

The Corporation may also have offices at such other places as the Board of Directors of the Corporation (hereinafter referred to collectively as the "Board" and each individually as a "Board member") may from time to time determine or the business of the Board may require.

### **Section 3. Books and Records**

Except as otherwise determined by the Board or as the business of the Corporation may require, all books and records of the Corporation shall be kept at the White Plains, New York, office of Power Authority of the State of New York (hereinafter the "Authority").

## **ARTICLE II – Board of Directors**

### **Section 1. Number, Term, Appointment and Vacancies**

The number and term of Board members and the appointment and process of filling vacancies shall be governed by Title 1 of Article 5 of the New York State Public Authorities Law (hereinafter the "Power Authority Act"). The Board shall be the same persons holding the offices of Trustees of the Authority and the Chair of the Authority shall hold the same position as the Chair of the Corporation until the conclusion of his or her term. The Chair is the "appointing authority," as defined in Section 2, subdivision 9, of the Civil Service Law, and has the power to appoint and remove officers, agents and employees and fix their compensation, provided, however, that the appointment of the President and Chief Executive Officer shall be subject to confirmation by the New York State Senate in accordance Public Authorities Law Section 2852.

### **Section 2. Powers and Duties**

The powers and duties of the Board shall be governed by the Power Authority Act and the Canal Law, and shall include those powers and duties set forth in the Public Authorities Law. To implement these powers and duties, the Board shall oversee the Corporation's executive management in the effective and ethical management of the Corporation. The Board shall be responsible for acting in good faith, with independent judgment and shall adhere to the Authority's code of conduct and conflict of interest procedure. The following are certain, but not all, actions by the Corporation that require an act of the Board: (a) establishment of policies regarding the payment of salary,

compensation and reimbursements to, and establish rules for the time and attendance of, management; (b) adoption of a code of ethics applicable to each officer, director and employee that, at a minimum, includes the standards established in section seventy-four of the public officers law; (c) establishment of written policies and procedures on personnel including policies protecting employees from retaliation for disclosing information concerning acts of wrongdoing, misconduct, malfeasance, or other inappropriate behavior by an employee or board member of the authority, investments, travel, the acquisition of real property and the disposition of real and personal property and the procurement of goods and services; and (d) adoption of a defense and indemnification policy and disclose such policy to any and all prospective Board members.

### **ARTICLE III - Board Meetings**

#### **Section 1. General**

The meetings of the Board shall be governed by Article 7 of the Public Officers Law (hereinafter referred to as the "Open Meetings Law").

#### **Section 2. Meetings**

Meetings of the Board may be held at the White Plains or Albany office of the Authority or at such other place as the Board may from time to time designate. The meetings of the Board shall be held at least quarterly in accordance with a schedule adopted annually by the Board for that purpose and may be changed from time to time within that year by the Chair in consultation with the Board. Special meetings of the Board may be called by the Chair or Vice Chair upon the request of any three Board members. The Corporate Secretary shall give notice of the time, place and purpose or purposes of each special meeting by mail at least three days before the meeting or in person or by telephone, facsimile or by other electronic communication at least two days before the meeting to each Board member. The notice requirement to be given under this section may be waived by the Board member to whom such notice is required to be given. The annual meeting of the Board shall be held in March of each year, unless otherwise determined by them and at such time and place as the Board may from time to time designate. As authorized by the Open Meetings Law, meetings of the Board may be conducted by videoconferencing if the public is provided an opportunity to attend, listen and observe at any site at which a Board member participates in such meeting.

#### **Section 3. Quorum**

At all Board meetings, a majority of the members of the Board then sitting shall constitute a quorum and shall be sufficient for the transaction of business. A Board member may participate by videoconference, which shall count for quorum and voting purposes. A Board member may participate by telephone but such participation shall not count for quorum or voting purposes.

## **ARTICLE IV – Officers**

### **Section 1. Officers**

The officers of the Corporation shall be a Chair and a Vice Chair, a Chief Executive Officer, and such engineering, marketing and legal officers and employees as the Board Chair may require from time to time, including, without limitation, the Chief Engineering Officer, Chief Legal Officer, Chief Financial Officer, Chief Marketing Officer, Chief Communication Officer, Corporate Secretary, Chief Internal Control Officer and Chief Internal Audit Officer.

### **Section 2. Appointment of Officers**

The officers shall be appointed by formal resolution adopted by the Board at any annual, regular or special meeting of the Board, except that the Chief Internal Audit Officer, shall be appointed by the Board upon the recommendation of the Audit Committee.

### **Section 3. Term of Office**

All officers shall each hold office until his or her successor is chosen and qualified or until his or her earlier removal, resignation or death.

### **Section 4. Vacancies and Removal**

The Chair may fill these positions with an acting or interim appointment until such time as a permanent replacement is appointed. Any officer appointed by the Chair herein shall be subject to removal at any time by the Chair with or without cause.

### **Section 5. Powers and Duties**

#### **A. Chair**

The Chair shall preside at all meetings of the Board, shall be responsible for developing the strategic vision and mission of the Corporation and shall on behalf of the Board oversee the Corporation's management in the effective and ethical management of the Corporation. The Chair may appoint such assistants and employees as he or she may deem necessary in order to perform such function and may fix their power, duties and compensations. The Chair may delegate to the Vice Chair, President and Chief Executive Officer or other officer or officers such of the Chair's powers and functions in the general supervision of the business of the Corporation to the extent such delegation is consistent with the Power Authority Act and other applicable provisions of law.

**B. Vice Chair**

The Vice Chair shall possess such powers and shall perform such duties as may be assigned to him or her from time to time by the Board. The Vice Chair shall be Acting Chair in the absence or incapacity of the Chair and shall assume the powers and perform all duties of the Chair if the Chair is unable to perform such duties for any reason. The Vice Chair, when acting in the capacity of Acting Chair under this section, may delegate the powers or duties of Chair to another Board member or the President and Chief Executive Officer during the period of disability or incapacity of the Chair.

**C. Chief Executive Officer**

The Chief Executive Officer (the "President and Chief Executive Officer") shall report directly to the Board, and shall be responsible for the general supervision and direction of the operations, business and activities of the Corporation, with the exception of those activities or business units under the supervision of officers reporting to the Chair or the Board. The President and Chief Executive Officer shall supervise the Director of Canals. The President and Chief Executive Officer may sign, execute and deliver in the name of the Corporation powers of attorney, contracts, agreements, leases, notes, checks, drafts, bonds, obligations and such documents other than those required by these By-laws, law or resolution to be executed by the Chair and/or the Corporate Secretary. The President and Chief Executive Officer may, as deemed appropriate, delegate his or her powers and responsibilities to any officer.

**D. Chief Engineering Officer**

The Chief Engineering Officer (the "Executive Vice President and Chief Operating Officer") of the Corporation shall report directly to the President and Chief Executive Officer, shall manage and monitor the operations of the Corporation, and shall exercise such other duties as the President and Chief Executive Officer or Board shall from time to time determine. The Executive Vice President and Chief Operating Officer may, as deemed appropriate, delegate his or her powers and responsibilities to any officers of the Authority.

**E. Chief Legal Officer**

The Chief Legal Officer (the "Executive Vice President and General Counsel") of the Corporation shall report to both the Board and the President and Chief Executive Officer, and shall advise and represent the Corporation generally in all legal matters and proceedings, including legislative proceedings, shall designate those employees who shall be eligible to accept service of process on behalf of the Corporation, and shall exercise such other duties as the President and Chief Executive Officer or Board shall from time to time determine. In addition, the Executive Vice President and General Counsel, together with the Chair and the Board, shall supervise and direct the activities of the Office of the Corporate Secretary and the Office of Ethics and Compliance.

**F. Chief Financial Officer**

The Chief Financial Officer (the “Executive Vice President and Chief Financial Officer”) of the Corporation shall be responsible for the overall supervision of the financial activities of the Corporation, and shall exercise such other duties as the President and Chief Executive Officer or Board shall from time to time determine. The Executive Vice President and Chief Financial Officer shall report directly to the President and Chief Executive Officer and shall, when requested, give advice to the Chair and Board.

**G. Chief Marketing Officer**

The Chief Marketing Officer (the “Executive Vice President and Chief Commercial Officer”) of the Corporation shall report directly to the President and Chief Executive Officer, shall oversee all of the Corporation’s power programs for economic development and energy efficiency, and shall exercise such other duties as the President and Chief Executive Officer or Board shall from time to time determine.

**H. Chief Communication Officer**

The Chief Communication Officer (the “Senior Vice President for Public and Regulatory Affairs”) of the Corporation shall report directly to the President and Chief Executive Officer, shall oversee Community and Government Relations, Corporate Communications, and the Executive Office, and shall exercise such other duties as the President and Chief Executive Officer or Board shall from time to time determine.

**I. Corporate Secretary**

The Corporate Secretary shall report to the Board, and the Executive Vice President and General Counsel, and shall attend all meetings of the Board and be responsible for maintaining the corporate record, giving notice of all meetings and affixing the corporate seal to all documents as authorized, and shall exercise such other duties as the Board shall from time to time determine.

**J. Treasurer**

The Treasurer shall have general custody of all funds and securities of the Corporation and have general supervision of the collection and disbursement of Corporation funds and shall endorse on behalf of the Corporation for collection checks, notes and other obligations, and shall deposit the same to the credit of the Corporation in such bank or banks or depositories as the Board may designate. The Treasurer may sign with the Chair, or such other person or persons as may be designated for such purpose by the Board, all bills of exchange or promissory notes of the Corporation, and shall exercise such other duties as the Chair shall from time to time determine.

**K. Chief Internal Control Officer**

The Chief Internal Control Officer (the “Controller”) shall be in charge of the accounting operations, the preparation of fiscal accounts and the coordination of external audits of the Corporation, and shall exercise such other duties as the President and Chief Executive Officer or Board shall from time to time determine.

**L. Chief Internal Audit Officer**

The Chief Internal Audit Officer (the “Senior Vice President, Internal Audit”) shall report directly to the Board and shall have such other powers and perform such other duties as customarily pertain to such office, and shall exercise such other duties as the President and Chief Executive Officer or Board shall from time to time determine. The Senior Vice President, Internal Audit shall meet at least twice per year with the Audit Committee.

**M. Succession – Absence or Vacancy of Office of President and Chief Executive Officer**

In the event of the incapacity or absence of the President and Chief Executive Officer, the Executive Vice President and Chief Operating Officer, shall perform the duties of the President and Chief Executive Officer. If the office of Executive Vice President and Chief Operating Officer, is vacant or the incumbent is absent, then the Executive Vice President and General Counsel shall perform the duties of the President and Chief Executive Officer. If the offices of Executive Vice President and Chief Operating Officer, and Executive Vice President and General Counsel are vacant or the respective incumbents are absent, then the Executive Vice President and Chief Financial Officer shall perform the duties of the President and Chief Executive Officer.

**ARTICLE V – Committees****Section 1. Audit Committee**

The Board shall establish an Audit Committee to be comprised of not less than three independent members, appointed by the Board, who shall constitute a majority on the committee, and who shall possess the necessary skills to understand the duties and functions of the Audit Committee; provided, however, that in the event that the Board has less than three independent members, the Board may appoint non-independent members to the Audit Committee, provided that the independent members must constitute a majority of the members of the Audit Committee. The Audit Committee shall have responsibilities related to: the independent auditor and annual financial statements; the Corporation’s internal auditors; oversight of management’s internal controls, compliance and risk assessment practices; and miscellaneous issues related to the financial practices of the Corporation. The committee shall, among other duties, recommend to the Board the hiring of a certified independent accounting firm for such Corporation, establish the compensation to be paid to the accounting firm and provide direct oversight of the performance of the independent audit performed by the

accounting firm hired for such purposes. The Audit Committee will meet a minimum of twice a year, with the expectation that additional meetings may be required to fulfill all the required obligations and duties.

**Section 2. Governance Committee**

The Board shall establish a Governance Committee to be comprised of not less than three independent members, appointed by the Board, who shall constitute a majority on the committee, and who possess the necessary skills to understand the duties and functions of the Governance Committee; provided, however, that in the event that the Board has less than three independent members, the Board may appoint non-independent members to the Governance Committee, provided that the independent members must constitute a majority of the members of the Governance Committee. It shall be the responsibility of the members of the Governance Committee, among other duties to keep the Board informed of current best governance practices; to review corporate governance trends; to recommend updates to the Corporation's corporate governance principles; to review special investigations and whistleblower policies; to advise appointing authorities on the skills and experience required of potential Board members; to examine ethical and conflict of interest issues; to perform Trustee self-evaluations; and to recommend By-laws which include rules and procedures for conduct of Board business. The Governance Committee will meet a minimum of twice a year; with the exception that additional meetings may be required to adequately fulfill all the required obligations and duties.

**Section 3. Finance Committee**

The Board shall establish a Finance Committee to be comprised of not less than three independent members, appointed by the Board, who shall constitute a majority on the committee, and who shall possess the necessary skills to understand the duties and functions of the Finance Committee provided, however, that in the event that the Board has less than three independent members, the Board may appoint non-independent members to the Finance Committee, provided that the independent members must constitute a majority of the members of the Finance Committee. It shall be the responsibility of the Finance Committee to review proposals for the issuance of debt by the Corporation and make appropriate recommendations to the Board and perform such other responsibilities as the Board shall from time to time assign to it. The Finance Committee will meet prior to any debt issuance planned to be undertaken by the Corporation, as well at such times deemed advisable by the chair, at minimum once a year.

**ARTICLE VI - Corporate Seal**

**Section 1. Seal**

The seal of the Corporation shall be a design bearing the outline of the map of the State of New York and generally indicating the route of the Canal system and bearing the

words "New York State Canal Corporation" around the circumference thereof. The Secretary shall be the custodian of the seal as shown by the following impression of such seal:

## **ARTICLE VII - Fiscal Management**

### **Section 1. Fiscal Year**

The Board shall have the power to fix, and may, from time to time, change by resolution, the fiscal year of the Corporation. Unless otherwise fixed by the Board, the calendar year shall be the fiscal year.

### **Section 2. Strategic Plan**

The Board shall annually review a strategic plan, which shall become the basis for the development of departmental plans, the annual budget and the capital expenditure plan.

### **Section 3. Annual Budgets**

The Board shall annually adopt and submit, as prescribed by the Public Authorities Law, an operation and maintenance budget and a capital budget for the Corporation's operating facilities and support departments.

### **Section 4. Capital Expenditure Plan**

The Board shall review an annual capital expenditure plan which shall summarize all present and proposed capital projects.

### **Section 5. Expenditure Authorization Procedures**

The Board shall adopt expenditure authorization procedures which shall govern the annual budget, capital expenditure plan, contract executions and all approval authorizations.

**Section 6. Disbursement of Funds**

The Board, except as otherwise provided in these By-laws, may authorize any officer or other employee to execute any requisition, voucher, draft or check for the disbursement or transfer of funds of the Corporation.

**ARTICLE VIII - Execution of Instruments**

**Section 1. Execution of Instruments**

The Board, except as otherwise provided in these By-laws, may authorize any officer, employee or agent, pursuant to the expenditure authorization procedures or otherwise, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such power to execute and deliver may be general or specific; unless so authorized, no officer, employee or agent shall have any power or authority to bind the Corporation by any contract or engagement or pledge of its credit or to render it liable pecuniarily for any purpose or in any amount. The Vice President - Procurement and the Vice President - Enterprise Shared Services shall exercise the same powers under this section for the Corporation as they do for the Authority.

**ARTICLE IX – Amendment**

**Section 1. Amendment**

The Board shall have the power to amend, alter or repeal any provision or provisions of these By-laws at any annual, regular or special meeting.

**ARTICLE X – Miscellaneous**

**Section 1. Annual Reports**

The Board shall approve, submit and publish a certified annual report, as prescribed by the Public Authorities Law, within ninety days after the close of the Corporation’s fiscal year.

**Section 2. Corporation Policies and Procedures**

Unless otherwise provided by law, regulation or these By-laws, every officer or employee of the Corporation shall be subject to all Corporation policies and procedures.

# Bylaws

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## New York State Canal Corporation Bylaws

**Adopted at Canal Corporation Board Meeting CC-1 on September 2, 1992**

(As revised April 1, 2010 by Board Resolution Number 497)

### Table of Contents

- [Article I: The Board](#)
- [Article II: Officers](#)
- [Article III: Staff](#)
- [Article IV: Miscellaneous](#)
- [Article V: Amendments](#)

## Article I: The Board

A. **The Board.** The governing body of the New York State Canal Corporation (hereinafter the "Corporation") shall be the Corporation Board, which shall consist of the seven Members appointed by the Governor, by and with the advice and consent of the Senate, as the Members of the New York State Thruway Authority (hereinafter the "Authority") Board. The Member of the Corporation Board that has been designated by the Governor as Chairman of the Authority (hereinafter the "Chair"), is the Chair of the Corporation until the conclusion of his or her term, is the "appointing authority," as defined in Section 2, subdivision 9, of the Civil Service Law, and has the power to appoint and remove Officers, agents and employees and fix their compensation, provided, however, that the appointment of the Executive Director shall be subject to confirmation by the New York State Senate in accordance with the effective date of Chapter 506 of the Laws of 2009 implementing Public Authorities Law Section 2852. The Chair shall have the power to remove the Executive Director, after the approval of the Governance Committee and after the approval of the majority of the Board at a duly called meeting of the Board. All other powers granted by statute to the Board, unless expressly delegated by these Bylaws or other action of the Board, are reserved unto the Board.

B. **Place, Time and Notice of Meetings.**

1. Meetings of the Board shall be held at least quarterly at such places and times as shall be called by the Chair, upon notice at the time and at the place within the State of New York as shall be specified in such notice, which shall be given to each Member by mailing the same at least seven business days, or by telephone, personal delivery, facsimile, or other electronic means of transmitting the same at least three business days, before the time fixed for the meeting.

In the event the Chair shall certify that an urgent need exists for a meeting, the Chair may give notice of such meeting by telephone, personal delivery, facsimile, or other electronic means of transmission not less than twenty four hours before the time fixed for the meeting. In lieu of the notice prescribed in this paragraph, a waiver thereof in writing signed by the Member or Members entitled to said notice, whether before or after the time stated therein for the meeting, shall be deemed equivalent to such notice for the purposes of this paragraph. No notice to, or waiver by, any Member with

respect to a meeting shall be required if such Member is present at the meeting. Except as provided in Article V of these Bylaws with respect to amendments thereof, any and all business may be transacted at any meeting of the Corporation.

2. *Electronic Participation.* Any one or more Members of the Board, or any committee thereof, with the prior approval of the Chair, may participate in a meeting of such Board or committee by means of a conference telephone or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time. Participation of a Member by such means shall constitute presence in person at a meeting and shall be acknowledged by such Member in a writing appended to the minutes of such meeting upon their acceptance by the Board. Any one or more Members of the Board or any committee thereof, with the prior approval of the Chair, may participate in a meeting of such Board or committee by means of videoconferencing provided the public has an opportunity to attend, listen and observe at any site at which a Member participates.
- C. **Quorum.** A majority of the Members of the Board then sitting shall constitute a quorum for the transaction of any business or the exercise of any power or function of the Corporation and the Board shall have the power to act by a majority of the Members present at any meeting at which a quorum is in attendance.
- D. **Adjournment.** Any meeting of the Board may be adjourned from time to time by the Members present, and no notice shall be required of any adjourned meeting beyond the announcement of such adjournment at the meeting or the adjournment thereof. In the absence of a quorum, any meeting of the Board may be postponed and notice of the new date shall be given in accordance with the provisions of this Article.

## Article II: Officers

- A. **Officers.** The Officers of the Corporation shall be the Chair, the Vice-Chair, the Secretary, the Treasurer and the Executive Director. The Officers of the Corporation shall also include such Assistant Secretaries and Assistant Treasurers as the Chair may, from time to time, by resolution, name and appoint. Any two or more of such offices, except Chair and Vice-Chair, may be held simultaneously by the same Member of the Board. The office of Executive Director shall not be held by any Member of the Board. The offices of Secretary, Treasurer, Assistant Secretary and Assistant Treasurer may be held simultaneously by the same person. The Chair may, from time to time, pursuant to the provisions of Public Authorities Law Section 382, name and appoint additional Officers, fix their compensation and define their duties.
- B. **Chair.** The Chair shall set the agenda for, and preside over, all meetings of the Board and is specifically authorized to do the following:
1. Take all steps necessary and proper in the Chair's judgment to carry out the decisions and policies of the Board.

2. To the extent not otherwise provided by resolution of the Board, exercise such powers of the Board and take all steps necessary and proper in the judgment of the Chair to carry out the responsibilities and duties of the Corporation as required by law.
  3. Delegate to any Officer, Staff member, assistant or employee such of the Chair's duties, powers and functions as the Chair may deem necessary or appropriate; provided, however, that the Chair may revoke any such delegation at any time.
- C. **Vice Chair.** The Vice-Chair shall be Acting Chair and shall assume and perform all powers and duties of the Chair in the event the office of the Chair is vacant or the Chair is unable to perform such duties by reason of illness, disability or absence.
- D. **Treasurer.** The Treasurer is authorized to sign vouchers, payrolls and requisitions for the disbursement of monies of the Corporation from funds of the Corporation; sign and cosign checks in the name of the Corporation for the withdrawal of monies from any bank account held by the Corporation; and make and sign statements showing the financial condition of the Corporation.
- E. **Secretary.** The Secretary shall: keep the minutes of the meetings of the Board; affix and attest the seal of the Corporation; certify copies of Corporation papers and records; ensure that all notices of meetings required to be given to Members of the Board are duly given; and ensure that all reports, statements and other documents required by law are properly kept and filed.
- F. **Assistant Treasurer.** The Assistant Treasurer, and if there be more than one, the one so delegated, shall perform such duties as may be assigned by the Treasurer, and shall perform the duties of the Treasurer in the event the office of Treasurer is vacant, or in the event the Treasurer is unable to perform such duties by reason of illness, disability or absence.
- G. **Assistant Secretary.** The Assistant Secretary, and if there be more than one, the one so delegated, shall perform such duties as may be assigned by the Secretary, and shall perform the duties of the Secretary in the event the office of Secretary is vacant, or in the event that the Secretary is unable to perform such duties by reason of illness, disability or absence.
- H. **Executive Director.** The Executive Director, under the supervision of and subject to the directions of the Chair, is the chief executive officer of the Corporation and is primarily responsible for the discharge of the administrative functions of the Corporation, including the giving of such orders and directives as are necessary for the conduct of the Corporation's

business. The Executive Director shall attend all meetings of the Board, shall preside at meetings of the Staff and shall be a member of all standing and ad hoc committees of the Corporation. The Executive Director is hereby designated an Assistant Secretary and an Assistant Treasurer. The Executive Director is specifically authorized to do the following in accordance with the decisions and policies of the Board:

1. Approve the expenditure of Corporation funds.
2. Sign documents, releases, conveyances, contracts and agreements in the name of the Corporation.
3. Sign vouchers, payrolls and requisitions for the disbursement of monies of the Corporation from funds of the Corporation; sign and cosign checks in the name of the Corporation for the withdrawal of monies from any bank account held by the Corporation; and make and sign statements showing the financial condition of the Corporation.
4. Provide for the prosecution, defense, settlement or compromise of any action, proceeding or claim by or against the Corporation, as the case may be, which, in the Executive Director's judgment, is in the best interests of the Corporation, provided that the expenditure of Corporation funds for such prosecution, defense, settlement or compromise does not exceed \$2.5 million.
5. Delegate to any Staff member, assistant or employee such of the Executive Director's duties, powers and functions as the Executive Director may deem necessary or appropriate; provided, however, that the Executive Director may revoke any such delegation at any time.

### Article III: Staff

1. **The Staff.** The Staff of the Corporation shall be the Chief of Staff and the Director of Canals.
2. **Chief of Staff.** The Chief of Staff shall be primarily responsible for overseeing interdepartmental projects, delivering customer service improvements, public and community affairs, and administrative analysis. In addition, the Chief of Staff shall perform such duties as may be assigned by the Executive Director.
3. **Director of Canals.** The Corporation shall be under the direct supervision of the Director of Canals. The Director of Canals shall be responsible for the operation, maintenance, development and improvement of the Canal System, consistent with the Canal Law and applicable provisions of the Public Authorities Law. The Director of Canals shall also perform such other duties as from time to time may be assigned by the Board, the Chair, the Executive Director or the Chief of Staff.

### Article IV: Miscellaneous

- A. **Seal.** The official seal of the Corporation shall be a design bearing the outline of the map of the State of New York and generally indicating the route of the Canal system and bearing the

words "New York State Canal Corporation" around the circumference thereof. The Secretary shall be the custodian of the seal.

B. **Fiscal Year.** The fiscal year of the Corporation shall be the same as that of the Authority.

C. **Service of Process and Papers.** The General Counsel is authorized to receive service of legal process and all papers of a similar nature or import.

D. **Committees.** There shall be an Audit Committee, a Governance Committee and a Finance Committee, the membership of which shall be comprised of Members of the Board. The Chair or the Executive Director may appoint standing or ad hoc committees to provide for the efficient management of the Corporation and may designate the membership and define the duties of such committees.

## Article V: Amendments

The Bylaws of the Corporation may be altered, amended or repealed by resolution of the Board, provided that a copy of the proposal to so alter, amend or repeal such Bylaws shall be mailed, electronically transmitted or delivered to each Member of the Board at least seven business days prior to the date of the meeting at which such proposal is to be considered. The Members may, however, by unanimous consent, agree to consider and act upon any such proposal at any duly called meeting of the Board.