

**MINUTES OF THE REGULAR MEETING OF THE  
POWER AUTHORITY OF THE STATE OF NEW YORK  
June 28, 2005**

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Minutes of the Regular Meeting of the Power Authority of the State of New York held at the Clarence D. Rappleyea Building at 11:10 a.m.

Present: Louis P. Ciminelli, Chairman  
Frank S. McCullough, Jr., Vice Chairman  
Timothy S. Carey, Trustee  
Joseph J. Seymour, Trustee  
Michael J. Townsend, Trustee

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Eugene W. Zeltmann	President and Chief Executive Officer
David E. Blabey	Executive Vice President, Secretary and General Counsel
Robert A. Hiney	Executive Vice President – Power Generation
Vincent C. Vesce	Executive Vice President – Corporate Services and Administration
Joseph Del Sindaco	Senior Vice President and Chief Financial Officer
Angelo S. Esposito	Senior Vice President – Energy Services and Technology
Edward Hubert	Senior Vice President – Transmission
Louise M. Morman	Senior Vice President – Marketing, Economic Development and Supply Planning
Brian Vattimo	Senior Vice President – Public and Governmental Affairs
Carmine J. Clemente	Deputy Secretary and Deputy General Counsel
Joseph J. Carline	Assistant General Counsel – Power and Transmission
Thomas P. Antenucci	Vice President – Project Management
Arnold M. Bellis	Vice President – Controller
John M. Hoff	Vice President – Procurement and Real Estate
Charles I. Lipsky	Vice President and Chief Engineer
Gary Paslow	Vice President – Government Affairs and Policy Development
Donald A. Russak	Vice President – Finance
William V. Slade	Vice President – Environmental Management
Thomas A. Warmath	Vice President and Chief Risk Officer
James H. Yates	Vice President – Major Accounts Marketing and Economic Development
Michael E. Brady	Treasurer
Dennis T. Eccleston	Chief Information Officer
Angela D. Graves	Deputy Secretary
John B. Hamor	Executive Director – State Governmental Relations
John L. Osinski	Executive Director – Regulatory Affairs
John J. Suloway	Executive Director – Licensing, Implementation and Compliance
Paul W. Belnick	Director – Energy Services
Arthur M. Brennan	Director – Internal Audit
Jules G. Franko	Director – Fossil/Gas Turbines and Special Procurement
Paul F. Finnegan	Director – Upstate Public and Governmental Affairs
Joseph Leary	Director – SENY Public and Governmental Affairs
Thomas J. McDermott	Director – Performance Engineering
James F. Pasquale	Director – Business Power Allocations, Regulation and Billing
Michael A. Saltzman	Director – Public Relations
Keith G. Silliman	Director – Niagara Relicensing
Daniel Wiese	Director – Corporate Security/Inspector General
Peter Scalici	Deputy Inspector General – Investigations
William Helmer	Special Licensing Counsel
Richard Kuntz	Regional Manager - SENY
Anthony C. Savino	Manager – Business Power Allocations and Compliance
Gerard V. Loughran	Legal Consultant
Mary Jean Frank	Associate Secretary
Lorna M. Johnson	Assistant Secretary
Bonnie Fahey	Executive Administrative Assistant

**June 28, 2005**

Paul DeMichele  
Michael D. Ernst, Esq.

Intern, Public Affairs  
Vice President, Permitting and Siting, TransEnergieUS

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Chairman Ciminelli presided over the meeting. Executive Vice President, Secretary and General Counsel Blabey kept the Minutes.

1. **Approval of the Minutes**

*The minutes of the regular meeting of May 24, 2005 were unanimously adopted.*

2. **Financial Reports for the Five Months Ending May 31, 2005**

*Mr. Bellis presented an overview of the Financial Reports for the five months ended May 31, 2005.*

3. **Report from the President and Chief Executive Officer**

*President Zeltmann asked Mr. Hiney to present a report on the progress of the 500 MW combined cycle construction project. Mr. Hiney said that the project is now 95% complete. Milestone #3, the CTG construction, was completed on schedule on June 21. Milestone #5, the plant being ready to accept both fuels, is coming up on July 19. Weekly meetings with Slattery Skanska management continue.*

*President Zeltmann then discussed the enormous amount of work carried out by Authority staff related to the 2005 New York State legislative session. He thanked Mr. Paslow, Mr. Hamor and their team, as well as Mr. Russak and Mr. Carline.*

*Finally, President Zeltmann thanked Mr. Kuntz for his hard work and dedication to the Authority and wished him and his family the best as he begins this next phase of his life.*

*Chairman Ciminelli added his thanks to Mr. Paslow and the team who contributed to the legislative session work, as well as to Mr. Kuntz for everything he did for the Authority.*

#### 4. Transfers of Industrial Power

The President and Chief Executive Officer submitted the following report:

##### SUMMARY

“The Trustees are requested to approve the transfer of power allocations for 14 existing customers that have either changed their names for various business reasons and/or moved the location of their business.

##### BACKGROUND

“Twelve companies have requested that the Authority grant approval of their requests for the continued delivery of Authority power allocations to facilities that have all gained prior approval for an allocation with pre-existing company names and ownership. The present owners of these same facilities are now requesting that the Authority authorize the continuation of the power allocations granted to the previous company names and ownership associated with these facilities.

“In addition two companies have requested that the Authority grant approval of their request to transfer their allocation to other facilities for the reasons indicated below.

“The Trustees have approved transfers of this nature at past meetings.

##### DISCUSSION

“The proposed transferees are as follows:

**Agri-Link Foods, Inc.** (“ALF”) is a food-processing and marketing company in Fulton. The company was approved for a 1,500 kW Power for Jobs (“PFJ”) allocation for 215 jobs by the Trustees at their meeting of September 28, 1998. In March 2005, ALF changed its name to Birds Eye Foods, Inc., with no change in ownership. The company changed its name for marketing reasons in order to capitalize on the Birds Eye Foods name. It will continue to operate out of its Fulton location and honor its existing job commitments.

**AIM Corrugated Container Corporation** (“AIM”) is a manufacturer of corrugated boxes for packaging. The company was approved for a 200 kW PFJ allocation for 86 jobs by the Trustees at their meeting of January 25, 2000. Norampac Industries Inc., a New York corporation, bought AIM’s assets. Norampac will remain at the Lancaster facility and produce the same products, retaining the former employees of AIM and honoring the employment commitments made in the past.

The **American Craft Museum** (“Museum”) located in Manhattan, presents solo and group exhibitions of American artists working in the craft media. The Museum was initially approved for a 70 kW PFJ allocation for 36 jobs by the Trustees at their meeting of May 25, 1999. The Museum changed its name to the Museum of Arts & Design. Ownership has not changed and it is still a non-profit organization. The Museum believes the new name expresses the institution’s mission and commitment to craft media. It will continue to honor all of the terms and conditions of its contract.

**Citibank, N.A.** (“Citibank”) provides various banking services, including a data-processing center at its Plainview, Long Island location. Citibank was approved for a 750 kW Municipal Distribution Agencies (“MDA”) allocation for 58 jobs by the Trustees at their meeting of January 30, 1996. As it is moving operations from Plainview to a facility in Melville, Citibank wishes to transfer its allocation. The company will continue to honor its employment commitments and all other terms and conditions of its contract.

**Del Global Technologies Corp.** (“Del Global”) is a designer and manufacturer of high-voltage power supplies and technology. The company was approved for a 350 kW MDA allocation for 120 jobs by the Trustees at their meeting of September 23, 2003. In October 2004, Spellman High Voltage Electronics Corp. (“Spellman HVE”) completed an asset-and-liability acquisition of selected assets, including their Del Power Conversion division located in Valhalla. The new owner will continue to operate at the Valhalla facility, employing the same

personnel and producing the same products as the former entity. Spellman HVE has agreed to honor all contract terms and conditions, including job commitments.

**Freezer Queen, Inc.** (“Freezer Queen”) produces frozen foods at its Buffalo plant. The company was approved for a 1,050 kW Expansion Power allocation for 295 jobs by the Trustees at their meeting of August 27, 1991 and a 360 kW Replacement Power (“RP”) allocation for 318 jobs by the Trustees at their meeting of April 26, 1994. Freezer Queen’s food business was purchased by Home Market Foods Inc. in November 2004. The transaction was an assets -and-liabilities acquisition, including Freezer Queen’s Buffalo manufacturing facility. The company will continue to do business as Freezer Queen Foods. The new company will continue to operate at the Buffalo site and will honor the contract terms and conditions made by the prior owners.

**Howland Hook Container Terminal (“HHCT”)**, located in Staten Island, loads and discharges container vessels engaged in international commerce. The company was approved for a 2,500 kW MDA power allocation for 610 jobs by the Trustees at their meeting of September 27, 2004. In order to better identify the company and its location, HHCT transferred its leases and assets to a newly formed corporation called the New York Container Terminal, Inc. The new corporation employs the same personnel at the same location and performs the exact same work as the former entity. New York Container Terminal agrees to honor all contract terms and conditions, including job commitments.

**Hughes-Treitler Manufacturing Corp.** (“Hughes-Treitler”) located in Garden City, makes heat exchangers for the defense and commercial aircraft industries. The company was approved for a 1,000 kW PFJ allocation for 168 jobs by the Trustees at their meeting of March 31, 1998. The company also receives 750 kW of MDA power through the Nassau County Public Utility Agency. Hughes-Treitler was recently acquired by AMETEK Aerospace and Defense, Inc. and will change its name to AMETEK Hughes-Treitler. The company continues to operate in the same facility, has retained the same employees, and produces the same products. AMETEK Hughes-Treitler agrees to honor all contract terms and conditions, including job commitments.

**Kraft Foods** (“Kraft”), located in North Lawrence, produces cottage cheese and flavored yogurt products. The company was approved for a 1,000 kW PFJ allocation for 140 jobs by the Trustees at their meeting of September 28, 1998. Coolbrands Dairy Inc., through its wholly owned subsidiary Integrated Brands, acquired certain Kraft assets and liabilities associated with the North Lawrence facility in March 2005. Coolbrands will honor all contract terms and conditions of the allocation agreement and continue to manufacture similar products at the facility.

**Metaullics Systems Co.** (“Metaullics”) is a recognized leader in specialty graphites, molten metal processing and related systems. The company was approved for a 1,000 kW RP allocation for 29 jobs by the Trustees at their meeting of August 27, 1996. Pyrotek, Inc. bought the assets of Metaullics in October 2004, including the Sanborn facility, and will do business as the Metaullics Systems Division, Pyrotek Inc. The new owner will maintain current operations and produce the same products. Pyrotek, Inc. is retaining the former company’s employees and will honor the employment commitments made in the past.

**Now-Tech Industries, Inc.** (“Now-Tech”) produces high-precision machined components to the aerospace and medical industries. The company was approved for a 400 kW RP allocation for 80 jobs by the Trustees at their meeting of April 26, 1994. Beginning November 1, 2002, the allocation was reduced to 250 kW. PCB Piezotronics, Inc. bought the assets of Now-Tech Industries in October 2004 and formed a new corporation called PCB Now-Tech, a wholly owned subsidiary of PCB Piezotronics, Inc. The new company, PCB Now-Tech, will remain at the same Lackawanna site, maintain current operations and produce the same products. PCB Now-Tech is retaining the employees of the former company and will honor the employment commitments made in the past.

**Outokumpu Copper Inc.** (“OCI”) is the world's second-largest producer of fabricated copper products. OCI is the U.S. holding company that owns Outokumpu American Brass, Inc. (“OABI”), under which name the Buffalo facility does business. The company has a total allocation of 11,560 kW of RP for 1,184 jobs. OABI’s most recent allocation was approved by the Trustees at their February 24, 2004 meeting. OCI’s stock is being purchased by Nordic Capital in June 2005. This is not an asset sale and the facility will continue to operate as

Outokumpu American Brass for the foreseeable future. However, OABI has set up a wholly owned subsidiary, OAB Holding, Inc., which owns the company's real property. OAB Holding, Inc. will maintain the current operations and honor all contract terms and related job commitments.

**Power Pallet Inc.** ("Power Pallet") is a pallet-recycling company located in the Capital Region. The company was allocated 250 kW of PFJ power for 65 jobs by the Trustees at their meeting of April 27, 1999. Power Pallet recently relocated from Schenectady to a larger facility in Amsterdam. The new location gives Power Pallet the ability to expand its business and marketplace in an effort to grow and add more jobs in the future. Power Pallet wishes to transfer the allocation to the new facility and agrees to honor all contract terms and conditions, including job commitments.

**Tartan Textiles Services, Inc.** ("Tartan") is a commercial laundry service located in Hempstead, Long Island. The company was allocated 700 kW of EDP for 256 jobs by the Trustees at their meeting of February 23, 1993. Angelica Textile Services has acquired the laundry operations of Tartan as a result of a full-asset sale. The company will continue the same type of business operations as Tartan and remain at the same location. The new company will continue to honor the contract terms and conditions, including job commitments made by the prior owners.

#### RECOMMENDATION

"The Director - Business Power Allocations, Regulation and Billing recommends that the Trustees approve the transfers of Authority power allocations to the 14 companies described herein.

"The Executive Vice President, Secretary and General Counsel, the Senior Vice President – Marketing, Economic Development and Supply Planning, the Vice President – Major Account Marketing and Economic Development and I concur in the recommendation."

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

**RESOLVED, That the Authority hereby authorizes the transfers of industrial power allocations in accordance with the terms described in the foregoing report of the President and Chief Executive Officer; and be it further**

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

**5. Allocation of 5,900 kW of Hydro Power**

The President and Chief Executive Officer submitted the following report:

**SUMMARY**

“The Trustees are requested to approve two allocations of available Replacement Power (‘RP’), totaling 5,900 kW to two industrial companies.

**BACKGROUND**

“Under the RP Settlement Agreement, Niagara Mohawk Power Corporation (‘NiMo’), with the approval of the Authority, identifies and selects certain qualified industrial companies to receive delivery of RP. Qualified companies are current or future industrial customers of NiMo that have or propose to have manufacturing facilities for the receipt of RP within 30 miles of the Authority’s Niagara Switchyard. RP is the 445,000 kW of firm hydro power generated by the Authority at its Niagara Power Project that has been made available to NiMo, pursuant to the Niagara Redevelopment Act.

**DISCUSSION**

“On October 22, 2003, the Authority, NiMo, Empire State Development Corporation and the Buffalo Niagara Enterprise signed a Memorandum of Understanding (‘MOU’) that outlines the process to coordinate marketing and allocating Authority hydro power. The entities noted above have formed the Western New York Advisory Group (‘Advisory Group’) with the intent of better using the value of this resource to improve the economy of Western New York and the State of New York. Nothing in the MOU changes the legal requirements applicable to the allocation of hydro power.

“Based on the Advisory Group’s discussions, staff recommends that the available power be allocated among two companies, as set forth in Exhibit ‘5-A.’ The Exhibit shows, among other things, the amount of power requested by each company, the recommended allocation and additional employment and capital investment information. These projects will help maintain and diversify the industrial base of Western New York and will provide new employment opportunities. They are projected to result in the creation of 59 jobs.

“These RP contracts will be for a term expiring August 31, 2007, subject to legislation being passed that authorizes extension of the RP program.

**RECOMMENDATION**

“The Director – Business Power Allocations, Regulation and Billing recommends that the Trustees approve the allocation of 5,900 kW of hydro power to the companies listed in Exhibit ‘5-A.’

“The Executive Vice President, Secretary and General Counsel, the Senior Vice President – Marketing, Economic Development and Supply Planning, the Vice President – Major Accounts - Marketing and Economic Development and I concur in the recommendation.”

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

**RESOLVED, That the allocation of 5,900 kW of Replacement Power, as detailed in Exhibits “5-A,” be, and hereby is, approved on the terms set forth in the foregoing report of the President and Chief Executive Officer; and be it further**

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

**6. Power for Jobs Program - Extended Benefits**

The President and Chief Executive Officer submitted the following report:

SUMMARY

“The Trustees are requested to approve extended benefits for 42 Power for Jobs (‘PFJ’) customers as listed in Exhibit ‘6-A.’ These customers have been recommended to receive such extended benefits by the Economic Development Power Allocation Board (‘EDPAB’).

BACKGROUND

“In July 1997, the New York State Legislature and Governor George E. Pataki approved a program to provide low-cost power to businesses and not-for-profit corporations that agree to retain or create jobs in New York State. In return for commitments to create or retain jobs, successful applicants receive three-year contracts for PFJ electricity.

“The PFJ program originally made 400 megawatts (‘MW’) of power available. The program was to be phased in over three years, with approximately 133 MW made available each year. In July 1998, as a result of the initial success of the program, the Legislature and Governor Pataki amended the PFJ statute to accelerate the distribution of the power, making a total of 267 MW available in Year One. The 1998 amendments also increased the size of the program to 450 MW, with 50 MW to become available in Year Three.

“In May 2000, legislation was enacted that authorized another 300 MW of power to be allocated under the PFJ program. The additional MW were described in the statute as ‘phase four’ of the program. Customers that received allocations in Year One were authorized to apply for reallocations; more than 95% reapplied. The balance of the power was awarded to new applicants.

“In July 2002, legislation was signed into law by Governor Pataki that authorized another 183 MW of power to be allocated under the program. The additional MW were described in the statute as ‘phase five’ of the program. Customers that received allocations in Year Two or Year Three were given priority to reapply for the program. Any remaining power was made available to new applicants. The program’s sunset date is December 31, 2005.

“In 2004, provisions of the approved state budget extended the benefits for PFJ customers whose contracts expire before the end of the program in 2005. Such customers may choose to receive an ‘electricity savings reimbursement’ rebate and/or a power contract extension. The Authority was also authorized to voluntarily fund the rebates, if deemed feasible and advisable by the Trustees.

“PFJ customers whose contracts expired on or prior to November 30, 2004 are eligible for a rebate to the extent funded by the Authority from the date their contract expired through December 31, 2005. As an alternative, such customers may choose to receive a rebate to the extent funded by the Authority from the date their contract expired as a bridge to a new contract extension, with the contract extension commencing December 1, 2004. The new contract would be in effect from a period no earlier than December 1, 2004 through the end of the PFJ program on December 31, 2005.

“PFJ customers whose contracts expired after November 30, 2004 are eligible for rebate or contract extension, assuming funding by the Authority, from the date their contracts expire through December 31, 2005.

“Approved contract extensions entitle customers to receive the power from the Authority pursuant to a sale-for-resale agreement with the customer’s local utility. Separate allocation contracts between customers and the Authority contain job commitments enforceable by the Authority.

DISCUSSION

“As a result of its meeting, EDPAB recommended that the Authority’s Trustees approve electricity savings reimbursement rebates to the 42 businesses listed in Exhibit ‘6-A.’ Collectively, these organizations have agreed to retain more than 29,000 jobs in New York State in exchange for the contract extension or rebate. The contracts will be extended and the rebate program will be in effect until December 31, 2005, the program’s sunset. The power will be wheeled by the investor-owned utilities as indicated in the Exhibit.

“The Trustees are requested to approve payment and funding of rebates for the companies listed on Exhibit ‘6-A’ in a total amount currently not expected to exceed \$2,600,000. Staff recommends that the Trustees authorize a withdrawal of monies from the Operating Fund for the payment of such amount, provided that such amount is not needed at the time of withdrawal for any of the purposes specified in Section 503(1)(a)-(c) of the General Resolution Authorizing Revenue Obligations, as amended and supplemented. Staff expects to present the Trustees with requests for additional funding for rebates for the companies listed on the Exhibit in the future.

“Completed applications were reviewed by EDPAB and recommendations were made at their meeting on June 28, 2005.

FISCAL INFORMATION

“Funding of rebates for the companies listed on Exhibit ‘6-A’ is not expected to exceed \$2,600,000. Payments will be from the Operating Fund.

RECOMMENDATION

“The Senior Vice President and Chief Financial Officer and the Director – Business Power Allocations, Regulation and Billing recommend that the Trustees approve the of electricity savings reimbursements to the Power for Jobs customers listed in Exhibit ‘6-A.’

“The Executive Vice President, Secretary and General Counsel, the Senior Vice President – Marketing, Economic Development and Supply Planning, the Vice President – Major Account Marketing and Economic Development, the Senior Vice President - Public and Governmental Affairs and I concur in the recommendation.”

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

**WHEREAS, the Economic Development Power Allocation Board has recommended that the Authority approve electricity savings reimbursements to the Power for Jobs customers listed in Exhibit “6-A”;**

**NOW THEREFORE BE IT RESOLVED, That to implement such Economic Development Power Allocation Board recommendations, the Authority hereby approves the payment of electricity savings reimbursements to the companies listed in Exhibit “6-A,” as submitted to this meeting, and that the Authority finds that such extensions and payments for electricity savings reimbursements are in all respects reasonable, consistent with the requirements of the Power for Jobs program and in the public interest; and be it further**

**RESOLVED, That based on staff’s recommendation, it is hereby authorized that payments be made for electricity savings reimbursements as described in the foregoing report of the President and Chief Executive Officer in the aggregate amount of up to \$2,600,000 and it is hereby found that amounts may properly be withdrawn from the Operating Fund to fund such payments; and be it further**

**RESOLVED, That such monies may be withdrawn pursuant to the foregoing resolution upon the certification on the date of such withdrawal by the Vice President – Finance or the Treasurer that the amount to be withdrawn is not then needed for any of the purposes specified in Section 503 (1)(a)-(c) of the General Resolution authorizing Revenue Obligations, as amended and supplemented; and be it further**

**RESOLVED, That the Senior Vice President – Marketing, Economic Development and Supply Planning or her designee be, and hereby is, authorized to negotiate and execute any and all documents necessary or desirable to effectuate the foregoing subject to the approval of the form thereof by the Executive Vice President, Secretary and General Counsel; and be it further**

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

7. **Standby Generators for Metro-North Railroad Outlying Stations – Agreement and Expenditure Authorization**

The President and Chief Executive Officer submitted the following report:

**SUMMARY**

“The Trustees are requested to authorize the design, engineering, equipment procurement and installation of two 1,250 kW standby generators for Metro-North Railroad (the ‘Project’) and the expenditure of up to \$2,000,000 for the Project. The generators will be installed at Metro-North Railroad’s North White Plains and Mott Haven Stations. All costs of the Project will be recovered directly from Metro-North, a subsidiary of the Authority’s customer, the Metropolitan Transportation Authority (‘MTA’). The Project will be owned by Metro-North.

**BACKGROUND**

“The MTA, a governmental customer in New York City, recently executed a new long- term energy supply contract with the Authority. Metro-North has requested the Authority to help ensure the reliability of Metro-North’s electric railroad system by implementing an emergency diesel generator project for its track signal power. Reliable signal power is critical for Metro-North. During the 2003 blackout, Metro-North could not provide railroad service, even with its diesel trains, because it had no signal power. Signal power was interrupted by the blackout of the electric transmission grid.

“The proposed Project entails installing two 1,250 kW diesel generators: one in the Bronx and one in Westchester County. These generators would make it possible for Metro-North to run diesel trains in the event of a system-wide power outage. Railroad operation, even on a limited basis, is crucial during a power outage associated with a natural disaster or other emergency.

**DISCUSSION**

“By implementing the Project, the Authority would provide a value-added service to Metro-North that would achieve marked improvement in the reliability of critical equipment, especially during emergency conditions.

“In November 1997, the Authority and MTA executed an Energy Services Cost Recovery Agreement that provides for implementing and financing energy projects at MTA customer facilities. The Authority will provide turn-key implementation services and ultimately transfer ownership of equipment to Metro-North, which will own and operate the generators.

**FISCAL INFORMATION**

“Funding for the Project will be provided from Operating Fund monies and/or through commercial paper debt financing. The total cost of the Project to the Authority is estimated not to exceed \$2,000,000. All Authority costs, including the cost of advancing funds and Authority overheads, will be recovered consistent with other Energy Services and Technology programs.

**RECOMMENDATION**

“The Senior Vice President – Energy Services and Technology and the Director – Energy Services recommend that the Trustees authorize the design, engineering, equipment procurement and installation of two 1,250 kW standby generators for Metro-North Railroad and expenditures of up to \$2,000,000 for this Project.

“The Executive Vice President - Power Generation, the Executive Vice President, Secretary and General Counsel, the Executive Vice President – Corporate Services and Administration, the Senior Vice President – Marketing, Economic Development and Supply Planning, the Senior Vice President – Chief Financial Officer and I concur in the recommendation.”

*Mr. Belnick presented the highlights of staff's recommendations to the Trustees. In response to a question from Vice Chairman McCullough, Mr. Esposito said that the Authority would be repaid immediately for the cost of the standby generators. Responding to questions from Trustee Carey, Mr. Esposito said that cost and reliability had been Metro-North's specifications when choosing the type of standby generator to use, adding that the generators would only be used in an emergency. A discussion ensued at the end of which it was agreed that Authority staff would investigate whether Metro-North was willing to look into a greener fuel alternative than diesel for the generators.*

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

**RESOLVED, That the Trustees authorize the design, engineering, equipment procurement and installation of the Metro-North Railroad Outlying Stations Standby Generation Project (the "Project"), as described in the foregoing report of the President and Chief Executive Officer, and also authorize the expenditure of up to \$2,000,000 for financing such Project; and be it further**

**RESOLVED, That expenditures are hereby approved to be committed in accordance with the Authority's Expenditure Authorization Procedures for the Project, in the amount and for the purposes listed below:**

<u>Operating Fund Monies/ Commercial Paper Proceeds</u>	<u>Expenditure Authorization (Not to Exceed)</u>
Equipment procurement, design, engineering, installation and Authority direct/indirect expenditures:	\$2,000,000
<b>TOTAL PROJECT COST</b>	<b><u>\$2,000,000</u></b>

**AND BE IT FURTHER RESOLVED, That the Authority's Commercial Paper Notes, Series 1, Series 2 and Series 3 may be issued and Operating Fund monies may be used to finance Project costs; and be it further**

**RESOLVED, That the Senior Vice President - Energy Services and Technology is hereby authorized to enter into agreements with the Metropolitan Transportation Authority or Metro-North Railroad providing for the implementation of the Project and the recovery by the Authority of funds expended by the Authority for the Project, with such agreement(s) having such terms and conditions as the Senior Vice President - Energy Services and Technology deems necessary or advisable, subject to the approval of the form thereof by the Executive Vice President, Secretary and General Counsel or his designee; and be it further**

June 28, 2005

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

**8. Authorization to Fund Governmental Customer Energy Efficiency and Clean Energy Technology Projects**

The President and Chief Executive Officer submitted the following report:

**SUMMARY**

“The Trustees are requested to authorize funding in the amount of \$500 million to initially finance energy efficiency and clean energy technology projects (‘Projects’) for the Authority’s ‘Governmental Customers.’ Governmental Customers include electric customers of the Authority in the New York City (‘NYC’) metropolitan area who recently executed a long-term supplemental agreement (‘LTA’) governing the supply of electricity. The Authority’s commitment to identify, implement and finance energy efficiency and clean energy technology projects was offered as an inducement to encourage the Governmental Customers to enter into the LTA.

“The requested funds would cover the five-year period starting in 2005 and ending in 2010. As required by the LTA, these funds, along with the cost of advancing these funds, will be recovered from the Governmental Customers participating in Energy Services and Technology programs.

**BACKGROUND**

“Since the late 1980s the Authority has offered energy efficiency programs statewide. These programs have been very successful and, to date, the Authority has achieved nearly \$90 million in customer savings. Of these savings, more than \$60 million is attributable to the Governmental Customers served by the Authority in the downstate region.

“The Authority has recently completed negotiations with the four principal Governmental Customers it serves in the downstate region: the City of New York, the Metropolitan Transportation Authority, the New York City Housing Authority and the Port Authority of New York and New Jersey. These four Governmental Customers have now executed supplemental long-term power purchase agreements with the Authority that run through 2017.

“The four principal Governmental Customers and the Authority agreed to finance up to \$90.6 million (in the aggregate) in energy efficiency and clean renewable energy projects on an annual basis. The Authority has also completed, is negotiating with or will be negotiating with other Governmental Customers in the New York City metropolitan area. Like the LTA for the four principal Governmental Customers, the offer to identify, implement and finance energy efficiency and clean technology projects is also included as an inducement in these agreements. It is anticipated that energy efficiency and clean energy projects for these additional Governmental Customers will amount to an additional \$9.4 million annually, bringing the annual total financing for all Governmental Customers to \$100 million.

**DISCUSSION**

“As part of the LTA, the Authority provided a commitment to work in partnership with each Governmental Customer to identify energy efficiency and clean energy technology projects at the Governmental Customer’s facilities and to implement projects that are economically feasible and agreeable to the Authority and the Governmental Customer. In so doing, the Authority will help the Governmental Customers reduce their overall energy costs and meet their commitments to a greener, cleaner environment.

“At present, the Authority offers many energy efficiency and clean energy technologies to its Governmental Customers. In order to streamline the implementation of the projects envisioned in the LTA, Energy Services and Technology staff recommends that all technologies be implemented under a single initiative called the ‘Governmental Customer Energy Services (‘GCES’) Program.’ This Program would include previously authorized technologies such as high-efficiency lighting; high-efficiency electric motors and associated controls; high-efficiency electrotechnologies such as the conversion of existing chiller plants to more efficient electric chillers; heating system improvements including boiler replacement, domestic hot water system improvements and improvements to building envelope systems and the installation of clean distributed generation at customer sites.

These technologies will allow customers to address distribution pockets and load requirements that cannot be fully offset by traditional demand-side measures.

“Initial funding for the GCES Program would be \$500 million. It is anticipated that this funding will cover projects over the period 2005 through 2010. Additional funding would be sought once the initial funding has been invested.

“The Authority will enter into cost-recovery agreements with the Governmental Customers that will allow the implementation of these projects at the Governmental Customers’ facilities. These agreements will be developed by staff and executed with each Governmental Customer and will provide for the full recovery of the Authority’s investment in each project.

**FISCAL INFORMATION**

“Funding of \$500 million is requested to implement the Authority’s GCES Program. The funding will be provided from the proceeds of the Authority’s Commercial Paper Notes and/or the Operating Fund. In addition, projects may be funded in part with monies from petroleum overcharge restitution (‘POCR’) funds. All Authority costs, including Authority overheads and the costs of advancing funds, but excluding the POCR grants, will be recovered consistent with other Energy Services and Technology Programs.

**RECOMMENDATION**

“The Senior Vice President – Energy Efficiency and Technology and the Director – Energy Services recommend that the Governmental Customer Energy Services Program be initially funded with \$500 million in support of Long Term Agreements executed with, or to be executed with, the Authority’s Governmental Customers.

“The Executive Vice President - Power Generation, the Executive Vice President, Secretary and General Counsel, the Senior Vice President - Marketing, Economic Development and Supply Planning, the Senior Vice President - Public and Governmental Affairs, the Senior Vice President and Chief Financial Officer, the Vice President - Procurement and Real Estate and I concur in the recommendation.”

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

**RESOLVED, That the Trustees authorize funding for the Governmental Customers Energy Services Program (“GCES Program”) in the amount of \$500 million to initially fund energy efficiency and clean energy technology projects (the “Projects”) included in the agreement containing supplemental terms and conditions governing the supply of electricity to Governmental Customers (the “LTA”). These funds, as well as the cost of advancing these funds, will be recovered from GCES Program participants.**

**Commercial Paper/Operating Fund/POCR Funds**

**Authorization**

**Governmental Customers Energy Services Program**

**\$500 million**

**AND BE IT FURTHER RESOLVED, That the Authority’s Commercial Paper Notes, Series 1, Series 2 and Series 3, may be issued, and Operating Fund monies and Petroleum Overcharge Restitution funds may be used, to finance Project costs; and be it further**

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

**9. Transmission and Distribution Electrical Safety Testing**

The President and Chief Executive Officer submitted the following report:

**SUMMARY**

“The Trustees are requested to authorize electrical safety testing of all Authority transmission and distribution facilities. The testing program would be conducted in a manner comparable to the program ordered by the New York State Public Service Commission (‘PSC’) on January 5, 2005 for utilities subject to that agency’s jurisdiction. It is further recommended that information and reports generated by this program be shared with the PSC, subject to routine confidentiality of critical infrastructure information.

**BACKGROUND**

“On January 5, 2005, the PSC issued its order in Case 04-M-0159 requiring all regulated electric utilities in New York State to annually test all of their publicly accessible transmission and distribution facilities for electrical safety and inspect all of their electric facilities at least once every five years. This case evolved from a highly publicized electrocution death last January in the Consolidated Edison Company of New York, Inc. (‘Con Edison’) service territory. On June 15, 2005, the PSC reaffirmed the requirements of its earlier order, while extending the compliance deadline for upstate utilities until August 30, 2006. The PSC’s orders reflect a policy determination that public safety remains a top priority of the State of New York.

“The PSC safety standards apply to all investor-owned and municipal electric corporations and corporations subject to PSC jurisdiction that own and/or operate electric generating facilities within the State, whether fully or lightly regulated. The Authority is not addressed in the PSC order.

“The PSC is requiring each jurisdictional electric utility that owns transmission or distribution facilities to prepare and file a report that demonstrates that its facilities pose no danger to the public. The report must contain at a minimum: (i) the details of its testing program; (ii) the details of its inspection program; (iii) the safety criteria it will apply as part of each program; (iv) an inspection schedule that demonstrates how the utility will comply with the requirement to inspect all of its electric facilities at least once every five years; (v) the details of its quality assurance program; (vi) its plans to train its employees and contractors to perform the testing and inspections and (vii) a description of any research and development activities the utility is conducting or plans to conduct related to public safety issues. The PSC-regulated utilities are expected to repair any component that causes an unsafe condition. The PSC requires the regulated utility to submit an annual letter from an officer of the company that attests to the public safety of its property.

**DISCUSSION**

“The Authority has more than 1,400 miles of overhead high-voltage transmission lines, which are supported by more than 14,000 transmission structures on public lands. The Authority has underground transmission facilities in public areas. In addition, at its various generation and substation facilities, the Authority has electrical distribution equipment and appurtenances that are generally accessible by the public. These structures, facilities and appurtenances are constructed and maintained in a manner to render them safe to the public.

“It is recommended that the Authority undertake an electrical safety testing and inspection program in order to ascertain the status of Authority plant and equipment in public areas. The electrical safety testing would examine the connection of the equipment to ground and the magnitude of the current that flows from the equipment to the earth as a normal consequence of the design and operation of the facility. The acceptable magnitude of current would be based on existing industry practices and state regulation. Generally, current below 1 milliampere (‘ma’) is imperceptible and below 5 ma is considered to be acceptable. In 1975, the PSC thoroughly examined these issues and required newly constructed transmission lines to abide by these criteria.

“The testing program would assess on a statistical basis the grounding of the equipment accessible to the public and the current that might flow into the earth as a result of normal operation. The assessment would

determine to a high degree of confidence that the construction and maintenance of the Authority's facilities have rendered the public safe.

"The Chief Engineer will direct the development and execution of a testing program to accomplish these objectives and will provide a report analyzing the results. All necessary remedial work indicated by the analysis would be undertaken.

#### FISCAL INFORMATION

"The cost of implementing this program is estimated to be \$300,000. Payments pursuant to this authorization will be made from the Authority's Operating Fund.

#### RECOMMENDATION

"The Senior Vice President - Public and Governmental Affairs, the Vice President - Governmental Affairs and Policy Development and the Vice President and Chief Engineer recommend that the Trustees authorize and direct the testing of all Authority transmission and distribution facilities. The testing program will be conducted in a manner comparable to the program ordered by the New York State Public Service Commission on January 5, 2005. The results of such testing will be reported to the Trustees by June 1, 2006. It is further recommended that information and reports generated by this program be shared with the Public Service Commission, subject to routine confidentiality of critical infrastructure information.

"The Executive Vice President - Project Operations, the Executive Vice President, Secretary and General Counsel, the Senior Vice President – Transmission and I concur with the recommendation."

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

**RESOLVED, That, as set forth in the foregoing report of the President and Chief Executive Officer, the Chief Engineer undertake safety inspections and testing of all Authority transmission and distribution facilities in a manner comparable to the program ordered by the New York State Public Service Commission ("PSC") on January 5, 2005, and that the results be reported to the Trustees by June 1, 2006; and be it further**

**RESOLVED, That information and reports generated by this program be shared with the PSC, subject to routine confidentiality of critical infrastructure information; and be it further**

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

**10. Authorization for Interim Financing**

The President and Chief Executive Officer submitted the following report:

**SUMMARY**

“The Trustees are requested to authorize the interim financing for two projects: a) the Static Var Compensator (‘SVC Project’), and b) the Transmission Project. The estimated aggregate cost of the interim financing for the two projects is \$21.2 million dollars. Further, the Trustees are requested to authorize the financing through the issuance of Commercial Paper and the use of Capital Fund monies.

**BACKGROUND**

“At their meeting of October 26, 2004, the Trustees authorized a settlement agreement (‘Agreement’), which in part, provides for the construction of substation equipment (the SVC Project) to provide the Adirondack transmission system with better voltage regulation, and a new transmission line (‘Transmission Project’) to alleviate serious transmission capacity deficiencies in the Lake Placid, Tupper Lake and Saranac Lake area of the Adirondacks.

**DISCUSSION**

“Preliminary work on the two Projects has progressed to the stage where interim financing is necessary to continue with the work.

**SVC Project**

“An electric power transmission line or a power distribution system is designed to carry a given load under normal and emergency conditions at a certain voltage level. Certain voltage swings can occur which diminish the capability of the system to carry electricity. The static var compensator adjusts for these voltage swings to restore the capacity of the transmission line or the power distribution system.

“The current estimate for the SVC Project, based upon bids received by Niagara Mohawk Power Corporation (‘Niagara Mohawk’), is \$17.7 million. Under the terms of the Agreement, Niagara Mohawk is solely responsible for any cost increases associated with the SVC Project. Niagara Mohawk will reimburse the Authority for 100% of the SVC-Project-related costs on the transfer date (January 1, 2012) of the SVC Project to Niagara Mohawk. The Trustees are requested to authorize financing in the amount of \$17.7 million dollars for this project.

**Transmission Project**

“The Trustees are requested to authorize the financing of \$3.5 million to pay for studies, reports and memoranda that are preliminary to and may support the Transmission Project. The Authority and its consultant, Tetra Tech EC, Inc., are currently conducting engineering and environmental studies to support the licensing activities for the Transmission Project. Based on the results of these studies, the Authority will identify a preferred route for the Transmission Project and at least one reasonable alternative. The results will be compiled and documented to support the preparation of the applications and environmental assessment documents, including an environmental impact statement.

**ENVIRONMENTAL REVIEW**

“With regard to the SVC Project, Niagara Mohawk will obtain all necessary approvals and permits prior to proceeding with the installation of the static var compensators.

“Regarding the Transmission Project, the Trustees will be asked to consider making written findings to complete the State Environmental Quality Review Assessment (‘SEQRA’) process. Any decision on funding for the construction of the Transmission Project will not proceed without Trustee approval.

FISCAL INFORMATION

“The Trustees are requested to authorize the issuance of Commercial Paper and to authorize the use of proceeds from such issuance and monies from the Capital Fund to pay for: (a) reimbursing Niagara Mohawk for procuring the static var compensators, related overhead costs, and interest during construction, and (b) licensing activities that are preliminary to and will support the Transmission Project.

“Funding of this work, up to the aggregate amount of \$21.2 million dollars, will be made through the issuance of Commercial Paper and/or the use of Capital Fund monies.

RECOMMENDATION

“The Executive Director - Licensing, Implementation and Compliance and the Treasurer recommend that the Trustees authorize, up to the aggregate amount of \$21.2 million dollars, the issuance of Commercial Paper and the use of proceeds from such issuance, and the use of Capital Funds, to pay for: (a) the SVC Project, and (b) licensing activities that are preliminary to and may support the Transmission Project.

“The Executive Vice President, Secretary and General Counsel, the Senior Vice President and Chief Financial Officer and I concur in the recommendation.”

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

**RESOLVED, That the Trustees hereby authorize the interim financing of the two Tri-Lakes Transmission Reinforcement Projects, in the aggregate amount of up to \$21.2 million dollars, as described in the foregoing report of the President and Chief Executive Officer; and be it further**

**RESOLVED, That: (1) the Authority’s Series 1, Series 2 and Series 3 Commercial Paper Notes may be issued for, and the proceeds of such issuance may be used for, and (2) Capital Fund monies may be used for: (a) financing work relating to the licensing of the Transmission Project, including studies, reports and memoranda, (b) financing the costs of the Static Var Compensator (“SVC Project”), including the reimbursement to Niagara Mohawk Power Corporation of the costs of the SVC Project, (c) the payment of overhead costs related to the SVC Project, (d) the reimbursement of the Operating Fund for monies paid for financing Transmission Project licensing costs, and (e) financing interest during construction costs for the Transmission Project and the SVC Project; and be it further**

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

**11. Procurement (Services) Contracts –  
Business Units and the Facilities – Awards**

The President and Chief Executive Officer submitted the following report:

SUMMARY

“The Trustees are requested to approve the award and funding of the multiyear procurement contracts listed in Exhibit ‘11-A’ for the Authority’s Business Units/Departments and Facilities. Detailed explanations of the nature of such services, the bases for the new awards and the intended duration of such contracts are set forth in the discussion below.

BACKGROUND

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

“In accordance with the Authority’s Expenditure Authorization Procedures, the award of non-personal services or equipment purchase contracts in excess of \$3,000,000, as well as personal services contracts in excess of \$1,000,000 if low bidder, or \$500,000 if sole source or non-low bidder, require the Trustees’ approval.

DISCUSSION

“The terms of these contracts will be more than one year; therefore, the Trustees’ approval is required. Except as noted, all of these contracts contain provisions allowing the Authority to terminate the services for the Authority’s convenience, without liability other than paying for acceptable services rendered to the effective date of termination. Approval is also requested for funding all contracts, which range in estimated value from \$9,152 to \$5,000,000. Except as noted, these contract awards do not obligate the Authority to a specific level of personnel resources or expenditures.

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

**Contracts in Support of Business Units/Departments and the Facilities:**

“The contract with **Buck Consultants, LLC (formerly Mellon Consultants, LLC, which was recently acquired by Affiliated Computer Services, Inc. and renamed Buck Consultants; Q-02-3558; PO # TBA)** would become effective on July 1, 2005, subject to the Trustees’ approval. The purpose of this contract is to provide for benefits consulting services to the Authority in the following areas: employee benefits plans and retirement savings plans compliance; flexible benefits design and pricing; evaluation of self-insured/fully-insured funding arrangements; management of the Request for Proposal process for health insurance plans and conducting bid analysis; preparation of retiree benefits valuation required by the Governmental Accounting Standards Board (‘GASB’), and other benefits consulting services, as may be required. Bid packages were sent to 18 firms, including any that may have responded to a notice in the New York State Contract Reporter. Eight proposals were received in response to Post Bid Addenda Nos. 1 and 2 and evaluated. Of these eight, five firms were not considered further due to their higher pricing. The remaining three proposals were evaluated in detail. Based on its superior qualifications, overall experience, expertise and resources, in addition to its reasonable pricing, staff recommends the award of the subject contract to Mellon, now Buck Consultants, the lowest most qualified bidder. It should be noted that the company is essentially unchanged, except for new ownership and a new name, and the terms and conditions of the Mellon bid will be honored by Buck Consultants. The intended term of this contract is three years (to be released to the consultant annually), subject to the Trustees’ approval, which is hereby requested. Approval is also requested for the total amount expected to be expended for the term of the contract, \$300,000.

“On June 28, 2004, Consulting Solicitation Q-02-3446 appeared in the New York State Contract Reporter advising potential bidders that the Authority was seeking responses from parties interested in entering into continuous-service agreements for legal services. After receiving the responses, the Law Department conducted a review of the need for the assistance of outside counsel and consulting services and the availability of resources to meet that need in the form of both existing firms providing legal services and prospective firms responding to the solicitation. The committee conducting this review (the ‘Evaluation Committee’) offered its final recommendation in a memorandum dated February 11, 2005. The Executive Vice President, Secretary and General Counsel has reviewed the memorandum and is prepared at this time to enter into new continuous-service agreements for general legal services with the following three firms recommended by the Deputy Secretary and Deputy General Counsel: **Carter Ledyard & Milburn LLP, Langlois Kronstrom Desjardins and VanNess Feldman, P.C.** The Carter Ledyard firm has provided advice and counsel to the Authority with respect to a number of environmental issues; staff anticipates this need will continue, as new environmental compliance challenges arise. The Montreal-based Langlois Kronstrom firm has provided critical advice to the Authority with respect to trans-national energy and environmental issues, as well as contractual issues among the Authority and Hydro-Quebec and Ontario Hydro; the need for such advice will continue. The VanNess Feldman firm has been an integral part of the relicensing process for the Niagara and St. Lawrence/FDR Power Projects, providing legal advice and counsel regarding various regulatory issues and activities in relation to relicensing and compliance issues within the jurisdiction of the Federal Energy Regulatory Commission (‘FERC’). It is anticipated that the firm will continue to play a critical role in the relicensing process for the Niagara Project, as well as in the implementation phase for the St. Lawrence Project. In addition, the firm’s expertise with issues of national policy relating to environmental and hydro-licensing concerns will also continue to be invaluable. The intended term of the new contracts is three years, with an option to extend for two additional years. The Trustees’ approval is therefore hereby requested for the procurement of services under the new contracts for the full five-year period (including option years). Approval is also requested for the release and allocation of funding to these contracts with the subject firms, from an aggregate total of \$5,000,000 for the initial three-year period ending June 30, 2008, to be drawn from Legal Outside Counsel Budget funds, as well as capital funding, as assignments are made by the Executive Vice President, Secretary and General Counsel and the Deputy Secretary and Deputy General Counsel.

“The contract with **Dictaphone Corp. (4500106504)** would become effective on July 1, 2005, subject to the Trustees’ approval. The purpose of this contract is to provide for a service agreement to support software and hardware for the Dictaphone Telephone Voice Recording System for operators at the Niagara Power Project. The subject award is made on a sole source basis, since Dictaphone, as the original equipment manufacturer (‘OEM’), is uniquely qualified to perform such services; it is in the Authority’s best interest to use the OEM for such services, due to its familiarity and expertise with the suite of products and its ability to provide support on a timely basis (since the equipment is configured for continuous operation on a 24/7, 365 days/year basis), as well as the compatibility and availability of equipment, accessories and spare or replacement parts. The intended term of this contract is three years, subject to the Trustees’ approval, which is hereby requested. Approval is also requested for the total amount expected to be expended for the term of the contract, \$9,152. It should be noted that a prepaid three-year contract affords the Authority a 40% discount and avoids a 10% annual cost increase.

“The contract with **Lane Fire Equipment Inc. (‘Lane’; 4600001435)** would become effective on July 1, 2005, subject to the Trustees’ approval. The purpose of this contract is to provide for inspection, maintenance and repair services for various types, sizes and manufacturers of portable and wheeled fire extinguishers at the Niagara Power Project, to meet New York State Fire Code and National Fire Protection Association requirements. Services include, but are not limited to: annual inspections (including inventory report), recharging extinguishers, hydrostatic testing, six-year maintenance and corrective action when deficiencies are identified. Bid packages were sent to four firms, including any that may have responded to a notice in the New York State Contract Reporter. Three proposals were received and evaluated. Based on its qualifications, experience and ability to perform such work, in addition to its competitive pricing, staff recommends the award of the subject contract to Lane, the low bidder. The intended term of this contract is four years (to be released annually), subject to the Trustees’ approval, which is hereby requested. Approval is also requested for the total estimated amount expected to be expended for the term of the contract, \$20,000.

“The contract with **Lucius Pitkin, Inc. (Q-02-3563; PO # TBA)**, would become effective on July 1, 2005, subject to the Trustees’ approval. The purpose of this contract is to provide for failure analysis and metallurgical examination and testing services in support of the Authority’s facilities and transmission lines. Technical services

include providing the equipment, materials and labor required to sample, test and analyze metallic and other elements used in power plant equipment and components. The work will be performed at the Authority's facilities, construction sites, manufacturer's plants or in the contractor's laboratory, as needed. Bid packages were sent to seven firms, including any that may have responded to a notice in the New York State Contract Reporter. Two proposals were received and evaluated. The critical nature of the work requires a high level of competency, consistency and technical expertise in order to develop confidence in the results. Based upon its in-house qualifications, equipment, personnel, past experience, proximity to the sites and the White Plains Office, quality assurance and competitive itemized pricing, staff recommends the award of the subject contract to Lucius Pitkin, Inc. the low qualified bidder. The intended term of this contract is three years, with an option to extend for two additional years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the total estimated amount expected to be expended for the term of the contract, \$500,000 (including the option years).

"The contract with **Simmers Crane Design & Services Co. ('Simmers Crane'; Q-02-3589; PO # TBA)** would become effective on July 1, 2005, subject to the Trustees' approval. The purpose of this contract is to provide for upgrade design and installation, maintenance, repair and related inspection services for cranes and hoists at all Authority operating plants and facilities, as needed. Services also include providing spare parts and materials, safety bulletin analyses and resulting required repairs, OSHA compliance inspections and any other crane-related work, as may be required. All services shall be performed in accordance with Authority site operating and safety procedures, all applicable codes and standards including, but not limited to, manufacturers' specifications and industry standards, OSHA regulations and all local, state and federal requirements. Bid packages were sent to nine firms, including any that may have responded to a notice in the New York State Contract Reporter. Five proposals were received and evaluated. Based on its qualifications, experience and ability to perform such work, in addition to its competitive pricing, staff recommends the award of the subject contract to Simmers Crane, the lowest qualified bidder. The firm has a proven record of experience in providing such quality services and has demonstrated the necessary qualifications, resources, training and financial stability to provide quality routine and/or emergency repairs and to ensure that all work is performed in accordance with all applicable standards and regulations. The intended term of this contract is three years, with an option to extend for one additional year, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the total estimated amount expected to be expended for the term of the contract, \$600,000 (including the option year).

"The contract with **Sprint Communications Company, L.P. ('Sprint'; Q-02-3542; PO # TBA)** would become effective on July 1, 2005, subject to the Trustees' approval. The purpose of this contract is to provide for e-mail protection services for the Authority by a managed service provider. Such services include: content blocking and policy management, anti-virus and spam management (including message quarantine), disaster recovery and server-level encryption services for inbound e-mail. Bid packages were sent to 30 firms, including any that may have responded to a notice in the New York State Contract Reporter. Seven proposals were received and evaluated. Based on its satisfactory qualifications and low pricing, staff recommends the award of the subject contract to Sprint, the lowest qualified bidder. The intended term of this contract is three years, subject to the Trustees' approval, which is hereby requested. It should be noted that a three-year agreement would afford the Authority a 9% discount. Approval is also requested for the total amount expected to be expended for the term of the contract, \$79,489.

"The contract with **Wagner Technical Services, Inc. (BG-13731; PO # TBA)** would become effective on July 1, 2005, subject to the Trustees' approval. The purpose of this contract is to provide for wood-pole testing along the Authority's high-voltage transmission lines at the St. Lawrence/FDR and Blenheim-Gilboa Power Projects. Such testing shall be performed using an instrument that uses non-destructive technology supplied by the Authority. Bid packages were sent to nine firms, including any that may have responded to a notice in the New York State Contract Reporter. Four proposals were received and evaluated. Based on its qualifications and reasonable pricing, staff recommends the award of the subject contract to Wagner Technical Services, Inc., the lowest qualified bidder. The intended term of this contract is two years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the total amount expected to be expended for the term of the contract, \$200,000 (including contingency).

"The contract with **Waste Management of NY - Utica (6000059566; PO # TBA)** would become effective on July 1, 2005, subject to the Trustees' approval. The purpose of this contract is to provide for removal and disposal services for trash and refuse from the Clark Energy Center, in accordance with all applicable Oneida

County and New York State regulations. Services also include the removal and disposal of separated recyclable wastes, such as office paper, corrugated cardboard, wood, etc. Bid packages were sent to six firms, including any that any that may have responded to a notice in the New York State Contract Reporter. Two proposals were received and evaluated. Based on its satisfactory qualifications and reasonable pricing, staff recommends the award of the subject contract to Waste Management of NY - Utica, the low bidder, which has provided satisfactory services under an existing contract. The intended term of this contract is three years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the total amount expected to be expended for the term of the contract, \$50,000.

“The two contracts with **Paul C. Rizzo Associates, Inc. (for the services of Mr. Rizzo) and Alton P. Davis, Jr. Engineering Consulting, Inc. (for the services of Mr. Davis) (Q-02-3622; PO #s TBA)**, would become effective on September 1, 2005, subject to the Trustees' approval. The purpose of these contracts is to provide for specialized engineering consulting services of individuals serving on an independent Board of Consultants ('BOC') in connection with the proposed dewatering program at the Blenheim-Gilboa Power Project ('B-G'), in order to perform equipment upgrades, maintenance repairs and inspection of the facilities as part of the Life Extension and Modernization Project. The selected consultants are required to be approved by the Federal Energy Regulatory Commission ('FERC'). Their areas of specialized expertise include dam safety, engineering geology, geotechnical engineering, hydraulics and civil engineering. The objective of the BOC is to assist the Authority by providing an independent design review of the proposed dewatering program, including potential effects on the reservoir embankment dam, intake structure, vertical shaft, tunnels and penstocks. Services will include, but not be limited to, providing critical oversight to the planning, design, implementation and monitoring of the dewatering program, including attendance at periodic on-site BOC meetings, inspection of facilities, review of designs and analyses, evaluation of civil works performance monitoring data and inspection findings and recommendations for preventive or corrective action, if required. Requests for professional qualifications were solicited through a notice in the New York State Contract Reporter; three qualifications statements were received and evaluated. The proposed members of the BOC have extensive experience and have successfully performed work at similar projects with the acceptance/approval of FERC. In addition, Mr. Davis was the original design engineer for the upper and lower reservoir dams at B-G and is an invaluable asset. Based on their qualifications, experience and ability to perform such work, staff recommends the award of the subject contracts to Paul C. Rizzo Associates, Inc. and Alton P. Davis, Jr. Engineering Consulting, Inc., the most qualified respondents. The intended term of these contracts is four years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the combined total estimated amount expected to be expended for the term of the contracts, \$400,000.

“The three contracts with **Framatome ANP, Inc. (for the services of George Harper), Gomez & Sullivan, P.C. (for the services of Jerry Gomez) and Dr. Barry Keim, respectively (Q-02-3623; PO #s TBA)**, would become effective on September 1, 2005, subject to the Trustees' approval. The purpose of these contracts is to provide for specialized engineering consulting services of individuals serving on an independent Board of Consultants ('BOC') in connection with the Authority's re-evaluation of the Probable Maximum Flood ('PMF') design basis for the Blenheim-Gilboa Power Project. The selected consultants are required to be approved by the Federal Energy Regulatory Commission ('FERC'). Their areas of specialized expertise include dam safety, meteorology, climatology, hydrology, hydraulics and civil engineering. Services will include, but not be limited to, attendance at periodic onsite BOC meetings, familiarization with facilities, review of analyses and reports, evaluation of civil works performance and results, and recommendations for the new design basis for the Probable Maximum Precipitation ('PMP') and PMF, in accordance with current regulatory guidelines and using the latest available analytical models. Requests for professional qualifications were solicited through a notice in the New York State Contract Reporter; 6 qualifications statements were received and evaluated. The proposed members of the BOC have extensive experience and have previously demonstrated (at two similar projects) that they can perform such work as a team, with the acceptance/approval of FERC. Based on their qualifications, experience and ability to perform such work, staff recommends the award of the subject contracts to Framatome ANP, Gomez & Sullivan and Dr. Barry Keim, respectively, the most qualified respondents. The intended term of these contracts is two years, with an option to extend for one additional year, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the combined total estimated amount expected to be expended for the term of the contracts, \$400,000.

FISCAL INFORMATION

“Funds required to support contract services for various Business Units/Departments and the Facilities have been included in the 2005 Approved O&M Budget. Funds for subsequent years, where applicable, will be included in the budget submittals for those years. Payment will be made from the Operating Fund.

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

RECOMMENDATION

“The Deputy Secretary and Deputy General Counsel, the Vice President – Procurement and Real Estate, the Vice President and Chief Engineer, the Vice President – Project Management, the Vice President and Chief Risk Officer, the Chief Information Officer, the Director – Employee Benefits, the Regional Manager – Northern New York, the Regional Manager – Western New York, the Regional Manager – Central New York, the Regional Manager – Southeast New York and the General Manager – Transmission Maintenance recommend the Trustees’ approval of the award of multiyear procurement contracts to the companies listed in Exhibit ‘11-A’ and as discussed above, for the purposes and in the amounts set forth above.

“The Executive Vice President – Power Generation, the Executive Vice President, Secretary and General Counsel, the Executive Vice President – Corporate Services and Administration, the Senior Vice President and Chief Financial Officer, the Senior Vice President – Energy Services and Technology, the Senior Vice President – Transmission and I concur in the recommendation.”

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

**RESOLVED, That pursuant to the Guidelines for Procurement Contracts adopted by the Authority, the award and funding of the multiyear procurement services and other contracts set forth in Exhibit “11-A,” attached hereto, are hereby approved for the period of time indicated, in the amounts and for the purposes listed therein, as recommended in the foregoing report of the President and Chief Executive Officer; and be it further**

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

**12. Procurement (Services) Contracts – Business Units and Facilities – Extensions, Approval of Additional Funding and Increases in Compensation Ceilings**

The President and Chief Executive Officer submitted the following report:

SUMMARY

“The Trustees are requested to approve the continuation and funding of the procurement contracts listed in Exhibit ‘12-A’ in support of projects and programs for the Authority’s Business Units/Departments and Facilities. In addition, the Trustees are requested to approve increases in the compensation ceilings of the contracts with DMJM + Harris, Inc. for construction management services for the 500 MW plant, Holland and Knight LLP for legal services and Tully Construction Company, Inc. for the construction of the fuel supply and bulk storage facilities for the 500 MW plant, as well as an increase in the aggregate compensation ceiling of the three contracts with Camp, Dresser & McKee, Inc., DMJM + Harris, Inc. and PB Power, Inc. for SENY Energy Services Programs initiatives. Detailed explanations of the nature of such services, the reasons for extension, the additional funding required and the projected expiration dates are set forth below.

BACKGROUND

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

“The Authority’s Expenditure Authorization Procedures require the Trustees’ approval when a personal services contract exceeds a cumulative change order value of \$500,000, or when a non-personal services or equipment purchase contract exceeds a cumulative change order limit of \$3,000,000.

DISCUSSION

“Although the firms identified in Exhibit ‘12-A’ have provided effective services, the issues or projects requiring these services have not been resolved or completed and the need exists for continuing these contracts. The Trustees’ approval is required because the terms of these contracts exceed one year and/or because the cumulative change order limits will exceed the levels authorized by the Expenditure Authorization Procedures in forthcoming change orders. All of the subject contracts contain provisions allowing the Authority to terminate the services at the Authority’s convenience, without liability other than paying for acceptable services rendered to the effective date of termination. These contract extensions do not obligate the Authority to a specific level of personnel resources or expenditures.

“Extension of each of the contracts identified in Exhibit ‘12-A’ is requested for one or more of the following reasons: (1) additional time is required to complete the current contractual work scope or additional services related to the original work scope; (2) to accommodate an Authority or external regulatory agency schedule change that has delayed, reprioritized or otherwise suspended required services; (3) the original consultant is uniquely qualified to perform services and/or continue its presence and rebidding would not be practical or (4) the contractor provides a proprietary technology or specialized equipment, at reasonably negotiated rates, that the Authority needs to continue until a permanent system is put in place.

**Contracts in Support of Business Units/Departments and Facilities:**

“The contract with **Associated Boiler Line Equipment Company** (‘ABLE’; **4500095469**) provides for the furnishing, delivery and installation of energy-efficient boiler combustion controls at the New York City Transit Authority (‘NYCTA’) Gun Hill Bus Depot in the Bronx. Services include furnishing all labor and ancillary equipment required to successfully complete the installation of and make fully operational the installed system(s), in accordance with all specifications and codes. The original award, which was competitively bid, became effective on September 9, 2004 for an initial term of less than one year. Due to existing mechanical issues at the facility, for

which the customer is responsible, completion of the planned work under the subject contract has been delayed. A nine-month extension is therefore requested to allow sufficient time for the resolution of these issues in order to proceed with the planned contract work through project completion. The current contract amount is \$297,841; it is anticipated that an additional \$25,000 may be required for the extended term. The Trustees' approval is requested to extend the subject contract through May 31, 2006, as well as for the additional funding requested. It should be noted that all costs will be recovered by the Authority.

“The contract with **DMJM + Harris, Inc. (4500047746)** provides for program management and implementation services for the Authority's Landfill Gas ('LFG') Power Generation Program for the development and construction of LFG power generation plants by various New York State municipalities, counties and other public entities. Capturing LFG energy and converting it to electricity will reduce air pollution and help meet the need for electric generating capacity in New York State while reducing dependence on non-renewable resources such as coal and oil. The original award, which was competitively bid, became effective on October 1, 2001 for an initial term of one year, with an option to extend for one additional year. Implementation of the planned projects was delayed due to design changes, utility interconnection reviews, third-party purchase power agreement negotiations, obtaining customer approval during the various stages of design and county approvals of the final design. At their meeting of June 25, 2002, the Trustees therefore approved a three-year extension of the subject contract through July 31, 2005, as well as an aggregate compensation ceiling of \$22 million to be shared with another contractor. Due to continuing delays, an additional two-year extension is now requested in order to continue program management and implementation services during the construction phase, through completion of these previously assigned LFG projects in Delaware, Madison and Sullivan Counties. Should any of these projects prove to be uneconomical and not proceed to construction, they will be cancelled and the contract will be terminated; it is also anticipated that no new projects will be assigned. The current contract amount is \$1,105,478 (of the aforementioned approved aggregate total of \$22 million); it is anticipated that no additional funding will be required for the extended term. The Trustees' approval is requested to extend the subject contract through July 31, 2007, with no additional funding requested. It should be noted that all costs will be recovered by the Authority.

“The contract with **Han-Tek, Inc. (4500100922)** provides for the rehabilitation/upgrade of two 275-ton outdoor gantry cranes at the Long Sault Dam at the St. Lawrence/FDR Power Project. Services include engineering, design, fabrication, testing, shipping preparation, delivery, functional and startup testing and installation of all equipment associated with the upgrade of the cranes. The original award, which was competitively bid, became effective on January 25, 2005 for an initial term of one year; this was based on the original schedule submitted by the contractor that indicated all work would be performed within a one-year period. However, due to delays on the part of the contractor in obtaining the necessary bonding and rescheduling of work by the contractor, the work was delayed and the current schedule indicates that an additional year will be required to complete the contracted work. A one-year extension is therefore requested in order to complete all planned work in the original schedule of services. The current contract amount is \$2,663,623; it was confirmed by the contractor that there will be no price increases due to these schedule changes. The Trustees' approval is requested to extend the subject contract through December 31, 2006, with no additional funding requested.

“The contract with **IEM Energy Consultants, Inc. ('IEM'; 4500094535)** provides for the consulting services of Jeffrey J. Fassett in support of the negotiations with General Electric ('GE') regarding a potential new Contractual Services Agreement ('CSA') to cover required maintenance and services for the GE gas and steam turbines at the 500 MW Combined Cycle Plant. Services also include financial modeling support and O&M budget preparation assistance. The original contract, which was awarded as the result of a competitive search, became effective on August 20, 2004 for an initial term of less than one year. A four-month extension is now requested in order to provide for the continuation of such consulting support for the CSA through execution by all parties, currently anticipated to occur by December 31, 2005. The current contract amount is \$50,000; it is currently anticipated that an additional \$50,000 may be required for the extended term. The Trustees' approval is requested to extend the subject contract through December 31, 2005, as well as for the additional funding requested.

“The contract with **Medcor, Inc. ('Medcor'; 4500094282)** provides for on-site medical services, including a fully equipped medical trailer and paramedic technician, to support the 500 MW construction site. Such services include, but are not limited to: responding to medical emergencies; providing appropriate treatment of on-site injuries and illnesses; determining appropriate referral and treatment clinics off site; completing first reports of injury for all work-related incidents; providing the services of a medical administrator; supporting the Authority's

occupational safety program and maintaining site health statistics and medical records. The original contract, which was awarded as the result of a competitive search, became effective on August 16, 2004 for an initial term of less than one year. A four-month extension is now requested in order to continue to provide such services through expected current project commissioning in December 2005. The current contract amount is \$136,200; it is currently anticipated that an additional \$115,000 may be required for the extended term. The Trustees' approval is requested to extend the subject contract through December 31, 2005, as well as for the additional funding requested.

“The contract with **Power Engineering ('PE'; 4500086287)** provides for condition assessment testing of pump-turbine/motor-generator units at the Blenheim-Gilboa Power Project ('B-G'). Such field testing and measurements are necessary as part of the B-G Life Extension and Modernization ('LEM') program to support development of a new pump-turbine design and planned refurbishments of upgraded pump-turbines and motor-generators, by identifying and characterizing rough operating zones and sources of vibrations, measuring unit settlement and component alignment for machining refurbishment estimates, and identifying wear in the motor-generator and pump-turbine for refurbishment planning. They are also important in light of recent failures at several large pumped storage and conventional hydroelectric projects. The original award, which was competitively bid, became effective on March 9, 2004, for an initial term of less than one year and included two parts: (1) condition tests and analyses and (2) engineering analyses and additional tests based largely on the results of the first part (with detailed scope of work, schedule and cost to be developed for each such task, as needed). The initial condition tests were delayed due to an unexpected repair of the spherical valve on unit 4 and were ultimately performed when they could be coordinated with a maintenance outage on unit 2. A short-term interim extension through June 30, 2005 and additional funding in the amount of \$103,368 were subsequently authorized in accordance with the Authority's Guidelines for Procurement Contracts and Expenditure Authorization Procedures. An additional 18-month extension is now requested in order to provide for: (1) part 2 analyses of rotor stability and prediction of anticipated life of the motor-generators as a consequence of the loose rim to spider connections identified during part 1 work; (2) development of recommended repair strategies and procedures for the rotor structural connections; (3) presentations of such results and analyses to Authority management and (4) computation of transforms for model-to-prototype pressure pulsations. It would not be practical to re-bid this second phase of work, since it depends so heavily on the results and work by Power Engineering in the first phase, some of which is proprietary. The current contract amount is \$375,148; it is currently anticipated that an additional \$180,000 may be required for the extended term. The Trustees are requested to ratify the previously authorized interim extension of the subject contract through June 30, 2005 and to approve an additional extension for phase 2 work through December 31, 2006, as well as the additional funding requested.

“The contract with **RLW Analytics, Inc. (4500089196)** provides for load research and forecasting evaluation consulting services to the Authority. The objectives are to conduct a thorough assessment of the Authority's program, including: evaluating the statistical and methodological sufficiency of the Authority's existing governmental customer load profile metering sample; revalidating and redesigning such sample and developing a plan for installing additional load profile meters; and making methodological recommendations and providing technical assistance in the areas of load research and forecasting. The original award, which was competitively bid, became effective on May 3, 2004 for an initial term of one year, with an option to extend for one additional year. Such evaluation has taken longer than originally anticipated, primarily due to new requirements of the recently-signed Long-Term Governmental Contracts. A short-term interim extension through June 30, 2005 was authorized in accordance with the Authority's Guidelines for Procurement Contracts and Expenditure Authorization Procedures. An additional six-month extension, exercising part of the option year, is now requested in order to complete the aforementioned services. The current contract amount is \$100,000; it is anticipated that no additional funding will be required for the extended term. The Trustees are requested to ratify the previously-authorized interim extension and to approve the six-month extension of the subject contract through December 31, 2005, with no additional funding requested.

“The uncertainty related to the deregulated energy market in New York, coupled with the absence of a highly liquid forward market for electric prices, raised concerns regarding the associated fluctuating 'market value' of forward contracts and their potential financial impact on the Authority. In order to address required financial reporting concerns, the Authority awarded a contract to **R.W. Beck, Inc. (4500098874)** that provides for consulting services for the fair valuation of short-term energy-related derivatives. The objective is to provide the Authority with mark-to-market valuations of open derivative positions, since reporting the change in the market value of such positions is required by accounting rules. Furthermore, the use of a third party, such as R.W. Beck, to assess such

valuations is highly desirable, as such valuations should ideally be determined by a party with no financial interest in the outcome of the valuation and/or how such valuation may affect reported financial results. The original award, which was competitively bid, became effective on September 1, 2004 for an initial term of one year, with an option to extend for up to two additional years. A two-year extension is now requested to exercise this option in order to continue services, as needed. The current contract amount is \$120,000; it is anticipated that an additional \$240,000 may be required for the extended term. The Trustees' approval is requested to extend the subject contract through August 31, 2007, as well as for the additional funding requested.

“The contract with **Tradewind Aviation LLC (4600001305)** provides for charter aircraft services, as a backup to the company plane, on an ‘as needed’ basis. Most trips are of same-day duration, from Westchester County Airport to destinations within New York State (primarily Utica, Niagara Falls and Massena). Various pressurized turboprop and light jet aircraft, with seating capacities from 6 to 10 passengers, and staffed by two qualified pilots (per company policy), are used. The original award, which was competitively bid, became effective on August 6, 2004 for an initial term of one year, with an option to extend for up to two additional years. A two-year extension is now requested to exercise this option in order to continue services, as needed. The current ‘Target Value’ is \$25,000; it is anticipated that an additional \$20,000 may be required for the extended term. The Trustees’ approval is requested to extend the subject contract through August 5, 2007, as well as for the additional funding requested.

“The contract with **Transportation Consultants, Inc. (‘TCI’; 4500091565)** provides for consulting services to the Authority’s internal Fleet Investigation and Review Team (‘FIRT’) with the objective of identifying and assessing cost and efficiency savings resulting from exploring alternate fleet management approaches; potential right-sizing the fleet of light passenger vehicles and heavy equipment; transferring equipment from one facility to another; life-cycle analysis including interfacing with the Authority’s Maximo system to determine rent/lease opportunities in lieu of purchasing and other opportunities identified by the consultant and FIRT team. The original contract, which was awarded as the result of a competitive search, became effective on June 21, 2004 for an initial term of less than one year. A six-month extension is now requested in order to provide additional support and advice to the newly hired fleet manager for implementing the various recommendations of TCI and the FIRT team. The current contract amount is \$110,000 (of the \$150,000 originally approved total amount); it is currently anticipated that no additional funding will be required for the extended term. The Trustees’ approval is requested to extend the subject contract through December 31, 2005, with no additional funding requested.

“The contract with **Tri-State Special Marketing Corp. (‘Tri-State’; 4500090513)** provides for third-party flexible benefits administration services for the Authority’s Flexible Benefits Administration enrollment program for salaried employees. Services include, but are not limited to: programming and generating personalized annual enrollment forms and confirmation statements; programming and administering an Internet enrollment system; printing and mail fulfillment services and other related tasks, as may be required. In 2005, services were expanded to include the preparation of benefit statements for the Authority’s salaried and union employees. The original award, which was competitively bid, became effective on July 1, 2004 for an initial term of one year, with an option to extend for up to two additional years. A two-year extension is now requested to exercise this option in order to continue services, including open enrollment, compliance issues, web benefit enrollment costs and postage and mailing. Tri-State has performed in an outstanding manner and has provided services that have been very well received by Authority employees, in addition to providing excellent customer service to the Authority’s benefits staff. The current contract amount is \$140,500; it is currently anticipated that an additional \$300,000 may be required for the extended term. The Trustees’ approval is requested to extend the subject contract through June 30, 2007, as well as for the additional funding requested.

“The contract with **Turboprop East, Inc. (4500091936)** provides for maintenance services for the Authority’s Beechcraft King Air B-350 aircraft. Services include, but are not limited to: scheduled inspections per the B-350 series maintenance manual consisting of a four-phase, 200-hour interval inspection program; unscheduled maintenance as required per the manufacturer’s operational and the Federal Aviation Administration’s requirements and avionics installation, troubleshooting and repair services, as necessary. The original award, which was competitively bid, became effective on July 1, 2004 for an initial term of one year, with an option to extend for up to two additional years. A two-year extension is now requested to exercise this option in order to continue services, as needed. The current contract amount is \$80,000; it is anticipated that no additional funding will be required for the

extended term. The Trustees' approval is requested to extend the subject contract through June 30, 2007, with no additional funding requested.

### **Increases in Compensation Ceiling**

“At their meeting of May 22, 2001, the Trustees approved the award of a four-year contract to **DMJM + Harris, Inc. (4500042671)** to provide construction management services for the 500 MW combined cycle plant. The contract, which was competitively bid, became effective on May 22, 2001, in the initial award amount of \$8 million. The Trustees authorized additional expenditure commitments at their meetings of November 26, 2002, July 22, 2003 and September 27, 2004, respectively, increasing the total expenditure authorization to \$20,400,000. An additional \$230,000 was subsequently authorized in accordance with the Authority's Expenditure Authorization Procedures. Due to extended completion of this Project, the services of the construction manager will be required to support completion of construction, start-up and commissioning and closeout of Project activities. The current contract amount is \$20,630,000; staff anticipates that an additional \$2.7 million will be required for the extended term. The Trustees are requested to approve a nine-month extension of the subject contract through February 28, 2006, as well as the additional funding requested, thereby increasing the compensation ceiling to \$23,330,000.

“The contract with **Holland & Knight, LLP (4500014922)** provided for legal consulting services and litigation advice in connection with various matters, most recently to support the Authority in resolving claims for the 500 MW project. At their meeting of December 14, 1999, the Trustees ratified and approved the initial three-year award. Additional amounts were subsequently allocated from funding authorized pursuant to the Special Resolution of March 28, 2000 and the Trustees' meeting of November 28, 2000. The Trustees also approved contract extensions for services in relation to various matters, as well as associated additional funding, at their meetings of December 18, 2001, September 17, 2002 and September 23, 2003, respectively, increasing the compensation ceiling to \$4,025,000. An additional \$500,000 was subsequently authorized in accordance with the Authority's Expenditure Authorization Procedures. The current contract amount is \$4,525,000. An additional \$110,000 is now requested in order to pay the balance of an outstanding invoice for services provided in connection with the 500 MW project. The subject contract was closed as of March 31, 2005; a new multiyear contract for such services was awarded as the result of a competitive search and became effective on April 1, 2005 with the Trustees' approval. The Trustees are requested to ratify the previously authorized \$500,000 and to approve the additional \$110,000 for payment of the aforementioned invoice, thereby increasing the compensation ceiling to \$4,635,000.

“At their meeting of September 25, 2001, the Trustees approved the award of contracts to three firms, **CDM Constructors (4600000665)**, **DMJM + Harris, Inc. (4600000663)** and **PB Power Inc. (4600000664)**, and an initial aggregate amount of \$100 million, to provide for implementation contractor services in connection with the Southeast New York public customer Energy Services Program ('SENY ESP') initiative. The contracts, which were competitively bid, became effective on October 1, 2001 for an initial term of three years, with an option to extend for two additional years. The intended option was subsequently exercised. The aforementioned Trustee item also advised the Trustees that additional funding of up to \$100 million might be needed to complete the work assigned under these contracts, based on program participation, and the Trustees' authorization for the release and allocation of such additional funding would be requested as such needs were identified. The current 'Target Values' total \$59 million; staff anticipates that an additional aggregate \$45 million (in excess of the originally approved aggregate \$100 million) will be required for projects to be completed during the remaining contract term. Such projects include the Water Pollution Control Plants at North River (\$13 million), Owl's Head (\$8 million) and Bowery Bay (\$3 million) to cover increased scopes of work requested by the customers, as well as project design and construction services at the Fashion Institute of Technology (\$13 million) and the 179<sup>th</sup> Street Pump Station (\$8 million), which only recently received customer approval to proceed. The Trustees are requested to authorize the release and allocation of the additional funding requested (from a previously approved Capital Expenditure Authorization Request ('CEAR')), thereby increasing the aggregate compensation ceiling to \$145 million. It should be noted that all costs will be recovered by the Authority.

“At their meeting of November 26, 2002, the Trustees approved the award of a contract to **Tully Construction Company, Inc. (4500064270)** for the construction of the fuel supply and bulk storage facilities for the 500 MW combined cycle plant, in the amount of \$11,864,895. The contract, which was competitively bid, became effective on November 27, 2002. Additional expenditures totaling \$2,989,693 were subsequently authorized in accordance with the Authority's Expenditure Authorization Procedures in order to cover additional

work, e.g., to address various emerging New York City Fire Department requirements, addition of the fuel gas piping/electrical duct bank under 13<sup>th</sup> Avenue (deleted from the scope of work under the contract with Slattery Skanska), and other miscellaneous extra work items, which were not part of the original scope. The current contract amount is \$14,854,588; staff anticipates that an additional \$500,000 will be required to cover the cost of this additional work primarily related to the buried gas piping installation and to perform any remaining or emergent work to support project closeout activities through project completion (currently expected to be September 30, 2005). The Trustees are requested to approve the additional funding requested, thereby increasing the compensation ceiling to \$15,354,588. This amount is within the Capital Expenditure Authorization Request ('CEAR') amounts approved for this contract.

#### FISCAL INFORMATION

"Funds required to support contract services for various Headquarters Office Business Units/Departments and the Facilities have been included in the 2005 Approved O&M Budget. Funds for subsequent years, where applicable, will be included in the budget submittals for those years. Payment will be made from the Operating Fund.

"Funds required to support contract services for capital projects have been included as part of the approved capital expenditures for those projects and will be disbursed from the Capital Fund in accordance with the Project's CEAR. Payment for contracts in support of the Energy Services Programs will be made from the Capital Fund (Energy Conservation Effectuation and Construction Fund) and/or the Commercial Paper Program. In addition, it is expected that each of the LFG Projects will also be funded in part with Petroleum Overcharge Restitution ('POCR') funds. All costs, including Authority overheads and the cost of advancing funds, but excluding the POCR grants, will be recovered by the Authority, consistent with the other Energy Services and Technology Programs.

#### RECOMMENDATION

"The Deputy Secretary and Deputy General Counsel, the Vice President – Procurement and Real Estate, the Vice President and Chief Risk Officer, the Vice President – Project Management, the Vice President and Chief Engineer, the Vice President – Major Accounts Marketing & Economic Development, the Director – Energy Services, the Director – Employee Benefits, the Director – Corporate Support Services, the Regional Manager – Northern New York, the Regional Manager – Western New York, the Regional Manager – Central New York and the Regional Manager – Southeastern New York recommend the Trustees' approval of the extensions, additional funding and increase in compensation ceilings of the procurement contracts listed in Exhibit '12-A.'

"The Executive Vice President – Power Generation, the Executive Vice President, Secretary and General Counsel<sup>1</sup>, the Executive Vice President – Corporate Services and Administration, the Senior Vice President and Chief Financial Officer, the Senior Vice President – Energy Services and Technology and I concur in the recommendation."

***Mr. Hoff presented the highlights of staff's recommendations to the Trustees. In response to a question from Vice Chairman McCullough, Mr. Hoff said that the increase in the 500 MW project cost had been included in the revised estimate of project costs. Responding to a question from Chairman Ciminelli, Mr. Antenucci said that although money has been included in the budget for Lockwood-Green's services, the Authority is in the process of phasing out its use of those services.***

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<sup>1</sup> The Executive Vice President, Secretary and General Counsel recuses himself with respect to any recommendations relating to the use of the services of Holland & Knight, LLP and will defer to the Deputy Secretary and Deputy General Counsel and the President and Chief Executive Officer with respect to any contract involving such law firm.

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

**RESOLVED, That pursuant to the Guidelines for Procurement Contracts adopted by the Authority, each of the contracts listed in Exhibit “12-A,” attached hereto, is hereby approved and extended for the period of time indicated, in the amounts and for the purposes listed therein, as recommended in the foregoing report of the President and Chief Executive Officer; and be it further**

**RESOLVED, That pursuant to the Authority’s Expenditure Authorization Procedures, increases in the compensation ceilings of the contracts with DMJM + Harris, Inc., Holland & Knight LLP and Tully Construction Company, Inc., as well as the aggregate compensation ceiling of the three contracts with Camp, Dresser & McKee, Inc., DMJM + Harris, Inc. and PB Power, Inc. are hereby approved, as recommended in the foregoing memorandum of the President and Chief Executive Officer, in the amount and for the purpose listed below:**

<u>Capital</u>	<u>Contract Approval (Increase in Compensation Ceiling)</u>	<u>Projected Closing Date</u>
<b>Provide for construction Management for 500 MW plant:</b>		
<b>DMJM + Harris, Inc. 4500042671</b>		
<b>Additional Amount Requested</b>	<b>\$ 2,700,000</b>	<b>2/28/06</b>
<b>Previously Approved Amount</b>	<b>\$20,400,000</b>	
<b>Additional Amount Authorized per EAPs</b>	<b>\$ <u>230,000</u></b>	
<b>REVISED COMPENSATION</b>	<b><u>\$23,330,000</u></b>	

<u>Capital Fund &amp; Commercial Paper Program</u>	<u>Contract Approval (increase in Compensation Ceiling)</u>	<u>Projected Closing Date</u>
Provide for implementation Services of SENY ESP projects:		
Camp, Dresser & McKee, Inc. ("CDM") 4600000665		
DMJM + Harris, Inc. 4600000663		
PB Power, Inc. 4600000664		
Additional Aggregate Amount Requested (to be released and allocated from a previously approved CEAR)	\$ 45,000,000	09/30/06
Previously Approved Aggregate Amount	<u>\$100,000,000</u>	
REVISED AGGREGATE COMPENSATION CEILING	<u>\$145,000,000</u>	

<u>Capital</u>	<u>Contract Approval (Increase in Compensation Ceiling)</u>	<u>Projected Closing Date</u>
Provide for construction of the fuel supply and bulk storage facilities for the 500 MW plant:		
Tully Construction Company, Inc. 4500064270		
Additional Amount Requested	\$ 500,000	09/30/05
Previously Approved Amount	\$11,864,895	
Additional Amount Authorized per EAPs	<u>\$ 2,989,693</u>	
REVISED COMPENSATION CEILING	<u>\$15,354,588</u>	

<u>O&amp;M &amp; Capital</u>	<u>Contract Approval (Increase in Compensation Ceiling)</u>	<u>Projected Closing Date</u>
Provide for legal consulting services and litigation advice in connection with the 500 MW project:		
Holland & Knight, LLP 4500014922		
Additional Amount Requested	\$ 110,000	03/31/05
Previously Approved Amount	\$4,025,000	
Additional Amount Authorized per EAPs	<u>\$ 500,000</u>	
<b>REVISED COMPENSATION CEILING</b>	<b><u>\$4,635,000</u></b>	

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

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

*“Mr. Chairman, I move that the Authority conduct an executive session to discuss matters related to the settlement of administrative proceedings and potential litigation.”*

On motion duly made and seconded, an Executive Session was held.

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

*“Mr. Chairman, I move to resume the meeting in Open Session.”*

On motion duly made and seconded, the meeting resumed in open session.

**15. Niagara Power Project – Filing of License Application, Related Applications, and Offer of Settlement**

The President and Chief Executive Officer submitted the following report:

**SUMMARY**

“The Trustees are requested to authorize the President and Chief Executive Officer (and his designees) to file an Application for a New License (‘Application’) with the Federal Energy Regulatory Commission (‘FERC’) for the Niagara Power Project (‘Project’); to file related applications with the New York Department of State (‘DOS’) and the New York Department of Environmental Conservation (‘DEC’) and an Offer of Settlement with FERC; to enter into and execute settlement agreements; and to execute such other documents and take such other action or actions as may be necessary or convenient in connection with the actions authorized hereby. In addition, the Trustees are requested to authorize the issuance of debt to fund the payment of amounts called for or contemplated by the aforementioned settlement agreements.

**BACKGROUND**

“The existing 50-year license issued to the Authority under the Federal Power Act (‘FPA’) to construct and operate the Project expires on August 31, 2007. By law, the Authority must file its application for a new Project license no later than August 31, 2005. In 2002, the Authority proposed that development of the Application be conducted pursuant to the Alternative Licensing Process (‘ALP’) provided for by FERC regulations, and FERC approved the request on July 15, 2002. FERC regulations also provide for the filing of settlement agreements pursuant to which license applicants and settling parties can reduce the number of contested issues involved in a relicensing. The Trustees were advised at their meeting of November 23, 2004 that conceptual agreements relating to mitigation of Project impacts had been developed in discussions with the state and federal agencies involved in the relicensing, with the Tuscarora Nation of Indians (the ‘Tuscaroras’), public and private entities concerned with ecological issues and the Project ‘Host Communities.’<sup>2</sup>

“At their meeting on February 23, 2005, the Trustees authorized the making of offers of settlement based upon six discrete ‘packages’ involving the establishment of a number of funds and implementation of other measures. The six settlement packages were identified by reference to the Niagara River Greenway legislation of 2004, ecological issues, recreational issues, abatement of certain groundwater infiltration attributable to the influence of the Project conduits, the Tuscaroras and the Host Communities.

“The Trustees were also advised at their February 23, 2005 meeting that settlement packages have been discussed by staff in connection with issues raised by Niagara University and by Erie County and the City of Buffalo, but no formal action by the Trustees was requested at that time in connection with those settlement packages.

**DISCUSSION**

“Based on the action taken by the Trustees on February 23, 2005, draft license application materials, including a Preliminary Draft Environmental Assessment (‘PDEA’), were released in late February to the parties participating in the ALP. Comments on these documents have been received and reviewed and final application documents are being prepared in accordance with sections 4.51 and 16.8 of the FERC regulations. The Application will consist of the following:

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<sup>2</sup> The Host Communities are represented by the Niagara Power Coalition and consist of the seven municipal entities that would exercise taxing jurisdiction over areas encompassed by the Project boundary established by FERC if Project lands were taxable. These communities are the City of Niagara Falls, Niagara County, the Towns of Lewiston and Niagara and three school districts: Lewiston-Porter, Niagara-Wheatfield and the City of Niagara Falls.

- **Initial Statement:** Information on the identity of the applicant and applicable state laws and regulations.
- **Exhibit A (Project Description):** Information on all of the physical composition, dimensions and general configuration of the principal Project structures and impoundments.
- **Exhibit B (Project Operation and Resource Utilization):** Information on the annual and daily operating cycles of the Project, together with energy production and flow data and hydraulic characteristics. Exhibit B also provides a discussion of the role of the International Joint Commission ('IJC') in determining the operating constraints that apply to the Project.
- **Exhibit C (Project Construction):** Information on construction history and proposed construction schedule for the Project. This section is not applicable to the Project.
- **Exhibit D (Statement of Costs and Financing):** Information on costs and financing, including annual cost of the Project, estimated annual value of Project power and the estimated cost to develop the license application.
- **Exhibit E (Environmental Report):** The PDEA will be submitted in lieu of Exhibit E. The PDEA contains a summary of the affected environment and measures being proposed by the Authority to maintain and enhance environmental, recreational, cultural and socioeconomic resources for the duration of a new license. The PDEA is comprehensive in scope and addresses all aspects of the license application and proposed settlements.
- **Exhibit F (General Design Information):** General design drawings of the principal Project structures and a discussion of the Project's design adequacy.
- **Exhibit G (Project Boundary Maps):** Maps showing the Project Boundary and nearby features.
- **Exhibit H (ECPA Supplement):** Information on the Authority's record as licensee and how power from the Project is utilized.

Pursuant to the National Environmental Policy Act, FERC's action on the license application must be preceded by and based upon review of the environmental impacts of the Project, and, while FERC will rely on the PDEA in conducting its review, it is anticipated that FERC also will prepare a draft and a final environmental impact statement. Furthermore, DEC must take action under the federal Clean Water Act (the issuance of a 'water quality certificate') and DOS must take action under the federal Coastal Zone Management Act (issuance of a 'coastal zone consistency determination') before FERC may lawfully act on the Application. Applications for these approvals have been prepared and will be submitted in accordance with applicable statutory and regulatory requirements.

"Also, based on the action of the Trustees taken on February 23, 2005, the authorized settlement offers have been made to potential settling parties. Acceptance of the offered terms is anticipated prior to the filing of the license application with FERC. Staff of the Authority's Law Department and Public and Governmental Affairs Department, with the assistance of outside counsel, have proceeded to reduce the settlements to writing by preparing drafts of the following four agreements:

- **Host Community Relicensing Settlement Agreement Addressing Non-License Terms and Conditions** ('Host Community Agreement') to be entered into by the Authority and the Host Communities.
- **Relicensing Settlement Agreement Addressing New License Terms and Conditions** to be entered into by the Authority; the United States Department of the Interior ('DOI'); the United States Department of the Interior, United States Fish and Wildlife Service ('USFWS'); the United States Department of the Interior, Bureau of Indian Affairs ('BIA'); the United States Department of the Interior, National Park Service ('NPS'); DEC; DOS; the New York State Office of Parks, Recreation and Historic Preservation ('OPRHP'); the Niagara Falls Water Board ('NFWB'); New York Rivers United ('NYRU'); Friends of the

Buffalo-Niagara River ('FOBNR'); the Niagara Relicensing Environmental Coalition ('NREC') on behalf of its constituent members; the Host Communities; the Municipal Electric Utilities Association; the New York State Rural Electric Cooperative Association; and the New York Association of Public Power.

- **Relicensing Settlement Agreement Among the Power Authority of the State of New York, the State of Connecticut, the Commonwealth of Massachusetts, the State of New Jersey, the State of Ohio, the Commonwealth of Pennsylvania, the State of Rhode Island, and the State of Vermont** to be entered into by the aforementioned parties.
- **Relicensing Settlement Agreement Between the Power Authority of the State of New York and the Tuscarora Nation** ('Tuscarora Nation Agreement') to be entered into by the aforementioned parties.

Negotiation of the terms of these agreements (collectively, the 'Settlement Agreements') are nearing completion, and they are being readied for signature by the parties. The terms differ in no significant respect from those contemplated and authorized by the Trustees on February 23, 2005. It should be noted that the Settlement Agreements are expressly conditioned on the issuance by FERC of a new 50-year license that is fully consistent with the terms contemplated by the Application and the Offer of Settlement, including the proposed license articles attached to the 'Relicensing Settlement Agreement Addressing New License Terms and Conditions.' It should be noted that the Host Community Agreement calls for an initial payment of \$8 million to be made to the Host Communities within 60 days after the Authority files its acceptance of the new 50-year license with FERC (but potentially earlier), and the Tuscarora Nation Agreement calls for an initial payment of up to \$5,000,000 to be made within 60 days of execution of that agreement at the option of the Authority exercised after consultation with the Tuscaroras. The Settlement Agreements will be submitted to FERC along with an 'Explanatory Statement' as an 'Offer of Settlement' provided for by section 385.602 of the FERC regulations.

#### FISCAL INFORMATION

"The cost associated with the Settlement Agreements is estimated to be approximately \$384.3 million (2007 dollars) over the assumed term of a new 50-year license, inclusive of the value of the power allocations. In addition, the Authority expects to incur a total of \$46.7 million in processing costs from inception of this effort through to the anticipated 2007 issuance of a new license. Financing of the Settlement Agreements and related relicensing costs will be accomplished through the issuance of commercial paper along with the use of capital fund and operating fund monies.

#### RECOMMENDATION

"The Senior Vice President – Public and Governmental Affairs recommends that the Trustees authorize the President and Chief Executive Officer, and his designees, to: file the Application with the Federal Energy Regulatory Commission; to file related applications with the New York Department of State and the New York Department of Environmental Conservation and an Offer of Settlement with FERC; to enter into and execute the Settlement Agreements; and to execute such other documents and take such other action or actions as may be necessary or convenient in connection with the actions authorized hereby, including the issuance of debt to fund the payment of amounts called for or contemplated by the Settlement Agreements.

"The Executive Vice President – Power Generation, the Executive Vice President, Secretary and General Counsel, the Executive Vice President – Corporate Services and Administration, the Senior Vice President – Chief Financial Officer and I concur in the recommendation."

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

**RESOLVED, That the President and Chief Executive Officer and his designees be, and hereby are, authorized to file an application with the Federal Energy Regulatory Commission ("FERC") for a new 50-year license for the Niagara Power Project pursuant to the Federal Power Act; and be it further**

**RESOLVED, That the President and Chief Executive Officer and his designees be, and hereby are, authorized to execute on behalf of the Authority and to submit and file such applications, petitions, pleadings, notices, reports, exhibits, requests, submittals, statements, or other documents and any amendments thereto to the Federal Energy Regulatory Commission, the New York State Department of Environmental Conservation (“DEC”), the New York State Department of State (“DOS”), or any other Federal or state agency as may be necessary or convenient in connection with the aforesaid application for a new license pursuant to the Federal Power Act, including, without limitation of the foregoing, an application to DEC seeking a water quality certificate pursuant to the Federal Clean Water Act, an application to DOS for a coastal zone consistency determination, and an Offer of Settlement as permitted by applicable FERC regulations; and be it further**

**RESOLVED, That the President and Chief Executive Officer and his designees be, and hereby are, authorized to enter into the Host Community Relicensing Settlement Agreement Addressing Non-License Terms and Conditions; the Relicensing Settlement Agreement Among the Power Authority of the State of New York, the State of Connecticut, the Commonwealth of Massachusetts, the State of New Jersey, the State of Ohio, the Commonwealth of Pennsylvania, the State of Rhode Island, and the State of Vermont; Relicensing Settlement Agreement Addressing New License Terms and Conditions; and the Relicensing Settlement Agreement Between the Power Authority of the State of New York and the Tuscarora Nation, as the same may be approved as to form by the Executive Vice President, Secretary and General Counsel; and be it further**

**RESOLVED, That the Authority’s Series 1, Series 2 and Series 3 Commercial Paper Notes may be issued and the proceeds of such issuance may be used, along with capital fund and operating fund monies, to fund payments called for or contemplated by the Settlement Agreements and related relicensing costs; and be it further**

**RESOLVED, That the President and Chief Executive Officer and his designees be, and hereby are, authorized to sign such other documents and take such other action or actions as may be necessary or convenient in furtherance of the actions authorized hereby; and be it further**

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

16. Resolution – Louis P. Ciminelli

*Vice Chairman McCullough read a resolution commending Chairman Ciminelli for his nearly 10 years of service to the Authority as a Trustee, Vice Chairman and then Chairman and wishing him well in his future endeavors.*

*Chairman Ciminelli responded by saying what a tremendous honor it had been to serve as both a Trustee of the Authority and its Chairman. He cited many of the Authority's accomplishments that took place during his tenure on the Board, including the sale of the nuclear plants for a record price, the restructuring of the Authority's debt, construction of the Small Clean Power Plants, relicensing of the St. Lawrence/FDR Power Project, making hydro power available on a continuous basis in Western New York and being on the verge of relicensing the Niagara Power Project and establishing the Greenway. He said that none of these accomplishments would have been possible without the efforts of such former and present Authority employees as Peter Delaney, Wes Collins, Peter Barden, Rick Chase, Gary Paslow, John Hamor, Steve Shoeholz, Keith Silliman, John Suloway, Mike Brady, Don Russak, Brian Vattimo, Joe Carline, Tom Antenucci, Charlie Lipsky, John Hoff, Vinnie Vesce, Louise Morman and her staff (particularly Jim Yates, Jim Pasquale, Mike Huvane and Craig Banner); Gene Zeltmann, David Blabey and Bob Hiney; all of his "handlers" (Angela Graves, Donovan Edmond, the travel staff and the pilots) and so many others, including Arnie Bellis, Angelo Esposito, Joe Del Sindaco and Dan Wiese.*

*Chairman Ciminelli went on to say that he had the luxury of standing on the shoulders of his predecessors, Clarence Rappleyea and Joe Seymour, and that he had cherished the sage advice of his fellow Trustees – Tom Frey, Hy Miller, Frank McCullough, Tim Carey, Gerry DiMarco and Mike Townsend. He urged the Trustees and Authority staff to be ever mindful that they are only the stewards of this precious asset for the State and told them to "Make them proud of us 50 years from now. So when they look back they will say 'NYPA did it right'." Then he thanked everyone from the bottom of his heart.*

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

*WHEREAS, Louis P. Ciminelli has compiled an extraordinary record of accomplishment in nearly a decade as a Trustee, Vice Chairman and Chairman of the New York Power Authority; and*

*WHEREAS, Mr. Ciminelli has personified the ideal of the businessman as public servant, applying the acumen and vision of a successful entrepreneur to the challenges facing the Authority during a critical period in its history; and*

*WHEREAS, Mr. Ciminelli's tenure as Chairman since 2002 has been marked, among other achievements, by a new 50-year federal license for the St. Lawrence-FDR Project, long-term contracts and the development of a new partnership with the Authority's major government customers in New York City, the resolution of complex construction issues concerning the 500-Megawatt Project at the Poletti site, and a wide range of projects to promote energy efficiency and new energy technologies; and*

*WHEREAS, as a lifelong resident of Western New York, Mr. Ciminelli has been acutely sensitive to the vital role of low-cost power in strengthening that region's economy; and*

*WHEREAS, he spearheaded a public-private agreement to coordinate and streamline allocation of Niagara Project hydropower to area businesses, resulting in the creation or retention of more than 10,000 jobs within 18 months; and*

*WHEREAS, he played a pivotal part in the Niagara Project relicensing process, helping to achieve balanced settlements that will open the way to significant economic and environmental initiatives for the region, including a Niagara River Greenway for which he has been a forceful and effective advocate; and*

*WHEREAS, Mr. Ciminelli's earlier years as a Trustee and Vice Chairman also witnessed major milestones, including the Authority's sale of its nuclear plants at a record price, its rapid construction of small, clean power plants at seven locations in New York City and on Long Island to meet local reliability concerns, and its transition to a competitive power market under the New York Independent System Operator; and*

*WHEREAS, in addition to his leadership of the prominent construction enterprise that bears his name and his duties at the Authority and as Chairman of the State Economic Development Power Allocation Board, Mr. Ciminelli has contributed his talents to numerous business, educational and cultural groups in the Buffalo area; and*

*WHEREAS, Lou Ciminelli is retiring as Chairman of the Authority and a member of this Board;*

**June 28, 2005**

*NOW THEREFORE BE IT RESOLVED, That the Trustees of the Power Authority of the State of New York bid farewell to a valued leader, colleague and friend; thank him for his immense contributions to the Authority and the people of this state; and wish him and his family health, happiness and success in the years ahead.*

*June 28, 2005*

17. **Next Meeting**

The next meeting of the Trustees will be held on **Tuesday, July 26, 2005, at 11:00 a.m., at the St. Lawrence/FDR Power Project Visitors' Center**, unless otherwise designated by the Chairman with the concurrence of the Trustees.

**Closing**

On motion duly made and seconded, the meeting was adjourned by the Chairman at approximately 1:00 p.m.

A handwritten signature in black ink that reads "David E. Blabey". The signature is written in a cursive style with a long, sweeping tail on the letter "y".

David E. Blabey  
Executive Vice President,  
Secretary and General Counsel