

Date: January 26, 2016

To: THE TRUSTEES

From: THE PRESIDENT and CHIEF EXECUTIVE OFFICER

Subject: Procurement (Services) Contract –
Legal Services for SENY Region – Contract Award

SUMMARY

The Trustees are requested to approve the award of a single-source contract to Mercer Thompson, LLC of Atlanta, Georgia, for a five-year term not to exceed the amount of \$750,000, to provide legal services in support of the Authority's development of a bid solicitation for a Long-Term Service Agreement ("LTSA") for the 500 MW Combined Cycle Power Plant.

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 for personal services contracts awarded on a single-source basis with a value exceeding \$500,000.00.

DISCUSSION

The 500 MW Combined Cycle Power Plant has two General Electric Frame 7 combustion turbines and one General Electric D11 steam turbine; each of these turbines drives a General Electric generator. Proper maintenance and upkeep of this equipment is critical to the 500 MW facility's continued operation.

A LTSA is currently in place with Ethos Energy Services (formerly The Wood Group). This LTSA was approved by the Trustees on March 26, 2007, as a result of a competitive bid, and signed on June 26, 2007, with a term until October 2018, after the second Steam Turbine Major Outage, or sooner if the Authority determines it is in its best operational and financial interest.

In order to obtain the best maintenance agreement for the 500 MW Power Plant's combustion and steam turbines and associated equipment, and to avoid a lapse between LTSAs, Authority staff identified areas of the current LTSA which are in need of improvement. For example, items not included in the current LTSA such as OEM upgrades like Advanced Gas Path components, spare parts availability and pricing, technical expertise for fleet known issues and solutions, and technical information letters ("TILs") implementation are some of the areas identified for inclusion in the new LTSA.

Given the complexity of this type of document, the Authority is seeking the assistance of Mercer Thompson to assist in drafting and incorporating current industry standard legal terms and conditions in order to prepare bid documents for public release.

Mercer Thompson has the required knowledge and experience with the equipment, technologies, upgrades and industry-wide practices for the LTSA. The firm's experience includes LTSAs covering GE 6B, 7EA, 7FA, 7FB, 9FA, 7HA, LMS100, LM6000, STA10, STA14 and STD11 gas and steam turbine technology, Siemens 501F, 501G, 8000H and V94.3A1 technology and Mitsubishi 501F, M501G, M501GAC and M501J technology. Mercer Thompson has demonstrated this in the past with the preparation and evaluation of the current LTSA that ultimately led to a contract with the Ethos/Wood Group, a process that took more than one year to complete. Since many Authority employees who were involved in the negotiation of the current LTSA have left or retired, Mercer Thompson offers the experience and hindsight of lessons learned during that process. Additionally, this firm has dealt with most of the companies in the United States and worldwide that provide LTSA services making their contribution in the development of the 500 MW plant's LTSA Request for Proposal ("RFP") not only extremely valuable, but also necessary.

Mercer Thompson will assist the Authority with the following services:

- 1) RFP Development, including vendor qualification – Mercer Thompson will work with the Authority to develop bid documents that define the major terms and conditions, industry standards, and scope-of-services required for the subsequent LTSA agreement.
- 2) Bid Evaluation – Mercer Thompson will assist in the evaluation of the proposals received and provide recommendations to the Authority. In addition to helping analyze bids, Mercer Thompson will assist in identifying the key differences between the bids taking into account both pricing and risk allocation.
- 3) Contract Negotiations – Mercer Thompson will assist the Authority and legal counsel with negotiating a contract award with the next LTSA provider. Based upon the firm's experience, it can offer strategic advice as to structuring LTSA transactions and agreements so as to best match the Authority's needs, meet its goals and protect its interests.

The MWBE requirements of this single-source contract have been waived and the Authority's Supplier Diversity Department has been notified.

RECOMMENDATION

The Executive Vice President and General Counsel recommends that the Trustees approve a contract award to Mercer Thompson, LLC, for a not-to-exceed amount of \$750,000 and a term of up to five years, to provide legal services in support of the Authority's development of a bid solicitation for a Long-Term Service Agreement for the 500 MW Combined Cycle Power Plant.

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

Gil C. Quiniones
President and Chief Executive Officer

RESOLUTION

RESOLVED, That pursuant to the Guidelines for Procurement Contracts adopted by the Authority and the Authority's Expenditure Authorization Procedures, approval is hereby granted to award a legal services contract to the law firm of Mercer Thompson, LLC located in Atlanta, Georgia, for a five-year term not to exceed the amount of \$750,000, to provide legal services in support of the Authority's development of a bid solicitation for a Long-Term Service Agreement for the 500 MW Combined Cycle Power Plant.

CONSULTANT

Mercer Thompson LLC
Atlanta, GA

CONTRACT APPROVAL

\$750,000

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