

**POWER AUTHORITY OF THE STATE OF NEW YORK
SUMMARY OF THE TRUSTEES'
MEETING MINUTES OF**

March 26, 2015

Introduction

Chairman Koelmel welcomed the Trustees and staff members who were present at the Annual meeting. He said that the meeting had been duly noticed as required by the Open Meetings Law and called the meeting to order pursuant to the Authority's Bylaws, Article III, Section 3.

1. Adoption of the March 26, 2015 Proposed Meeting Agenda

Upon motion made and seconded the meeting Agenda was adopted.

Conflicts of Interest

Vice Chair Mahoney, Trustees Flynn and Kress declared conflicts of interest as indicated below and said they would not participate in the discussions or votes as it relate to those matters:

Vice Chair Mahoney: ARCADIS of New York, Inc., CH2M HILL Engineering, PA, Wendel Energy Services, LLC, Whiteman Osterman & Hanna, O'Connell Electric (Item 2ci); Bond, Schoeneck & King, Hiscock & Barclay, Orrick, Herrington & Sutcliffe, (Item 2cii); New York State Canal Corp, (Item 2ciii); Johnson Controls, (Item 2civ); Local Government Task Force (Item 4c).

Trustee Flynn: Solar Liberty Energy System, Inc. (Item 2ci); Nixon Peabody, (Item 2cii).

Trustee Kress: SUNY College of Nanoscience & Engineering (Item 2diii).

Chairman Koelmel and Trustees Nicandri and Foster declared no conflicts.

RESOLUTION	Moved: J. Mahoney	Seconded: E. Nicandri	Adopted: 6/0
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2. Consent Agenda:

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| <p>a. Governance Matters</p> <ul style="list-style-type: none"> i. Minutes of the Regular Meeting held on February 26, 2015 ii. Amendments to the Authority's Audit Committee Charter <p>b. Rate Making:</p> <ul style="list-style-type: none"> i. Decrease in New York City Governmental Customer Fixed Cost Component – Notice of Adoption ii. Decrease in Westchester County Governmental Customer Fixed Cost Component – Notice of Adoption <p>c. Procurement (Services) Contracts:</p> <ul style="list-style-type: none"> i. Procurement (Services) Contracts – Business Units and Facilities – Awards, Extensions and/or Additional Funding ii. Procurement (Services) Contract – Law Department Contracts - Awards iii. Procurement (Services) Contract – Agreement Between the Authority and New York State Canal Corporation – Flashboard Installation/Removal Services – Crescent and Vischer Ferry Dams - Award iv. Procurement (Services) Contract – NERC CIP Version 5 Physical and Cyber Security Upgrades – Contract Award v. NIAGARA: Procurement (Construction) Contract – Niagara Power Project Relicensing – Strawberry Island Wetland Restoration Habitat Improvement Project – Contract Award <p>d. Real Estate</p> <ul style="list-style-type: none"> i. Niagara-Adirondack Tie Line – Acquisition of Danger Tree Easement – Town of Cicero, County of Onondaga – Map No. OCI-1449, Parcel No. 1449 ii. Blenheim-Gilboa Power Project – Disposal of 7.40 Acres of Surplus Land – Town of Gilboa, County of Schoharie – Map No. 18-C, Parcel Nos. 522-A and 522-B iii. Lease of Office Space – Zero Energy Nanotechnology Building – SUNY College of Nanoscience and Engineering – New York Energy Manager Program. <p>e. Annual Reports</p> <ul style="list-style-type: none"> i. Annual Review and Approval of Guidelines for the Investment of Funds and 2014 Annual Report on Investment of Authority Funds. ii. 2014 Financial Reports Pursuant to Section 2800 of the Public Authorities Law and Regulations of the Office of the State Comptroller. iii. Annual Review and Approval of Guidelines and Procedures for the Disposal of Real Property, Guidelines and Procedures for the Acquisition of Real Property and Annual Reports for the Disposal and Acquisition of Real Property. iv. Annual Review and Approval of Guidelines and Procedures for and Annual Report of the Disposal of Personal Property. v. Annual Report of Procurement Contracts, Guidelines for Procurement Contracts and Annual Review of Open Procurement Service Contracts. vi. Annual Review and Approval of Certain Authority Policies. vii. New York Power Authority's 2015 Strategic Plan. viii. 2014 Annual Board of Directors Evaluation Pursuant to Sections 2800 and 2824 of the Public Authorities Law and Guidance of the Authorities Budget Office. |
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Upon motion made and seconded, the Consent Agenda was approved.

Vice Chair Mahoney, Trustees Flynn and Kress were recused from the votes as they relate to the companies indicated above.

Trustee Nicandri commented that the Executive Summary of the agenda items provided by the Corporate Secretary is very useful and appreciated.

RESOLUTION	Moved: J. Foster	Seconded: J. Mahoney	Adopted: See Conflicts of Interest note above.
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Discussion Agenda:

3a. Report of the President and Chief Executive Officer:

President Quiniones provided the following report on the Authority's performance for February 2015 (Exhibit "3a-A"):

"Performance Scorecard

NYPA's February Performance Scorecard continues to reflect an overall strong performance. The Authority has exceeded its targets in the areas of generation and transmission, finance, energy services and environmental responsibility as of February.

There is a change in the reporting frequency of the Debt Coverage Ratio as of this month. The Authority is now reporting the coverage ratio on a monthly basis, while previously it was reported on a quarterly basis. The Workforce measure will continue to be reported on a quarterly basis, with the first 2015 update due at the end of the first quarter.

The DART Rate remained above the target in February. There were three DART incidents this month, for a total of five YTD. NYPA continues to monitor this measure closely and will continue its diligence in embedding a safety-minded culture throughout the organization.

Prior to this meeting, staff sent the Trustees a benchmarking of where the Authority stands with its safety statistics. While NYPA sets a very aggressive stretch target for its safety measure, it is doing relatively well compared to its peers in the industry."

In response to a question from Trustee Foster, President Quiniones said, the "Energy Services – MMBTU's Saved" measure on the Performance Scorecard is higher than the target because of the timing of completion of the projects related to that measure.

"NYC & Westchester Governmental Customers - Rate Decrease

The Power Authority's partnership with its New York City and Westchester Governmental Customers stretches back more than 35 years. Every year the Authority provides over 9 million MWH of electricity annually to its New York City and Westchester Governmental Customers. This amounted to \$1.47 billion in sales in 2014. The savings to these customers amount to \$480 million when compared to what they would have to spend if they were standard Consolidated Edison Company of New York Customers.

The approval of the electric rate decrease for municipalities, schools and public agencies in New York City and Westchester County as noted in items 2b i & ii on the Consent Agenda, represents a cut of \$2.5 million, or 1.8 percent, for the fixed cost component of the rates for NYPA's Governmental Customers in New York City and more than \$500,000, or 17.5 percent, for its Governmental Customers in Westchester County. The fixed costs have decreased noticeably since the end of 2010. Over the last five years, fixed costs have decreased by 15% for the New York City Governmental Customers."

Responding to a question from Chairman Koelmel, President Quiniones said if the New York City customers such as MTA, NYC Housing Authority and Port Authority, were buying their electricity supply from Con Edison under a standard tariff arrangement, they would have paid \$480 million more for electricity in 2014.

In response to a comment from Trustee Foster, President Quiniones said, in an initiative to assist Con Edison during a financial distress in the 70's, the Authority entered into a global agreement among the state, city and Con Edison; in return, the Authority would serve the New York City Governmental Customers at cost. In response to further questioning from Trustee Foster, President Quiniones said that the agreement with Con Edison will be expiring in 2017 and NYPA is currently in discussions with Con Edison in this regard.

"Strategic Plan: Select Accomplishments

One year ago, the Board of Trustees approved NYPA's Strategic Plan, which was described in detail in a document entitled, "NYPA Strategic Vision 2014-2019." The plan articulated the Authority's vision for the future electric grid in New York State, one that is much more intelligent, resilient, and interconnected than the grid today. That vision also foresees an electric market that uses rapidly evolving technology to empower consumers, businesses and governments with more choices of energy products and services to fit their needs. The Strategic Vision also articulated NYPA's role and mission in bringing about that future, describes the goal it has set for itself, and lays out six strategic initiatives by which it will achieve those goals.

Since that plan was released, the Authority has made considerable progress in getting on this bold, new course by creating business plans for each initiative and building the necessary infrastructure it needs to build on. NYPA has done that, while, at the same time, driving progress on several major projects and programs, especially within its Customer Energy Solutions, Smart Generation

and Transmission, and Process Excellence initiatives. These include the Five Cities Master Plan program staff presented to the Board at the meeting in February, and the advanced smart-grid lab that NYPA is developing in conjunction with SUNY Polytechnic. It also includes the first phase of process improvement projects that will help to improve customer service and control NYPA's costs. In order to effectively manage the implementation of the plan, the Authority has established a Project Management Office staffed with skilled, experienced personnel who will assist the business units to implement the six strategic initiatives and report regularly on its progress against our goals."

In response to a question from Trustee Foster, Mr. Lurie said the "Project Management Office" will be staffed initially by two or three employees and will include a senior staff with experience in strategic planning and a Data Analyst.

"Strategic Plan: 2015 Refresh Objectives

This year, the Authority will be going through a process with its senior management team of "refreshing" the 2014 Plan in a number of ways. First, we will assess the status of implementation of each of the six initiatives compared to NYPA's business plans and re-allocate resources, as necessary, and accelerate activities, if necessary. Second, we will evaluate changes to the external business environment, including factors such as technology, competition, consumer preferences and regulations, in order to determine what Plan changes are necessary. Third, we will identify key strategic risks and barriers to the successful execution of the Plan. These could include future challenges such as difficulty in attracting and retaining skilled employees, changes in the pace or direction of technology improvements, and the progress we must make in preparing the organization and culture for the accelerating changes ahead. And finally, we will agree on the metrics we will use to assess and manage our performance against the Plan—holding ourselves accountable to the Board and the public.

Risk Management: moving toward best practice

The Authority continues to search for a new Chief Risk Officer, and that search is beginning to bear some fruit. However, NYPA has not let that vacancy slow down the critical work to bring its management of risk toward leading practice. Specifically, executive management has three major work streams that are designed to ensure the integration of risk into NYPA's strategic planning

process and ensure appropriate delineation and alignment of its risk and control functions. The alignment of NYPA's various risk and control activities including compliance, internal audit and enterprise risk management and controls is under way, with completion of the first phase expected in April. To ensure the desired outcomes are realized, we are forming a standing committee to be sponsored by Robert Lurie and led by the Chief Risk Officer, to coordinate NYPA's risk and control activities.

A leading practice in the area of risk is the development of risk appetite statements to clarify and communicate the amount and type of risk an organization is willing to take in order to meet its strategic objectives. The ultimate goal of the statements for NYPA will be to:

- 1. Establish consistent boundaries, or risk tolerance, within which decision-makers may take appropriate risks;*
- 2. Link business decisions to strategy; and*
- 3. Enhance accountability by creating a means to report on risks in comparison to established parameters.*

The Authority's Executive Risk Management Committee initiated this process earlier this month, and this will be further developed and finalized during the strategic planning off-site sessions in April.

Finally, the Executive Risk Management Committee has embarked on a top-down process to identify, assess, respond to and monitor NYPA's strategic enterprise risks. The identification process was initiated this month through a facilitated strategic risk identification exercise. Similar to the risk appetite statements, these risks will be reviewed and vetted during the April Strategic Planning process. We will then utilize our Enterprise Risk Management process to assess the risks in more detail, assign responsibility for developing responses, and monitor and report on these risks on an ongoing basis.

President Quiniones ended by saying the Board, and, in particular, the Audit Committee will be kept informed about the progress and results of each of these endeavors."

In response to a question from Chairman Koelmel and comment from Trustee Foster, President Quiniones said staff will expand the Performance Scorecard by creating a dashboard for the Authority's six strategic initiatives and the

Enterprise Risk Management so that the Trustees can see how they are moving ahead and, going forward, be able to engage in dialogue related to the progress. Also, earnings and cash flow will be included in the Financial metric.

b. Report of the Chief Operating Officer

Mr. Bradford Van Auken, Senior Vice President and Chief Engineer of Operations Support Services, provided highlights of the Chief Operating Officer's report to the Trustees. (Exhibit "3b-A")

Performance Summary

The annual Generation Market Readiness was above projection at 99.48%; the target for the year is 99.4%. Even though Operations is meeting the annual target, it was slightly below its monthly metric due to icing conditions that occurred on the St. Lawrence River upstream from the Plant. The Authority is required to reduce flows due to the extreme icing conditions experienced as a result of the cold winter.

Transmission Reliability

Transmission Reliability remained above target for the month at 98.86%, as well as for the year-to-date which is above the target of 98.94%.

There were no significant unplanned events for the month of February.

Environmental

For the month of February, there were two reportable environmental incidents in the Southeast New York (SENY) region. One was due to a refrigerant leak on the Authority's 500 MW Combustion Turbine, as well as a SPDES exceedance due to a filtering system that malfunctioned.

As part of the Authority's SPDES permit, the Authority is required to remove the Chlorine in the NYC Drinking Water system before it can release it back into the environment. The system malfunctioned and this caused the Authority to exceed its allowance. The malfunction has since been repaired.

To date, the Authority has had three environmental incidents. The Authority is on target for the year; the goal is for 32 or less events for the year.

Safety

There were three Days Away Restricted and Transferred "DART" reportable events for the month, two at the upstate facilities which were related to slips and falls, and one in the White Plains Office. Four of the five

reportable incidents for the year have been as a result of slips and falls. The Authority recognizes the need to address this concern and plans to raise awareness in this area through more targeted training.

In response to a question from Trustee Foster, President Quiniones said if an employee receives medical assistance as a result of an incident, it is a recordable incident and affects the DART Rate.

Generation

As previously reported to the Board in October last year, fatigue cracking was discovered on the rotor rim support of the Authority's BG Unit #3. The unit has been out of service on a "forced outage." A team comprising staff from Project Management, Plant Operations, and Engineering are diligently working to repair the cracks as soon as possible. The target is to return the unit to service by June 1st of this year.

The Lewiston Pump Generation Plant (LPGP LEM Unit #7) was successfully returned to service on March 20th. This is the third of the 12-Unit LEM Program to be completed. The program to upgrade the remaining nine units will continue through 2020.

Responding to a question from Trustee Nicandri, Mr. Van Auken said all four of the Units at B-G were replaced during the LEM Program. However, that part of the unit was not identified as part of the replacement program. Some deformation in the material was discovered over the last couple of years and a program for repair procedures was developed to address the issue in anticipation that a problem could develop. This procedure was in place when the cracks were discovered. In response to further questioning from Trustee Nicandri, Mr. Van Auken said staff did a detailed inspection of the other three units and did not find any additional cracking; however, they are prepared to do the repairs if cracks appear on those units.

Safety

At the last Board meeting, members requested staff to provide a report of where NYPA stands in terms of safety in comparison to the industry. Below are some of the highlights of the response provided to the Board:

"OSHA has two standards for safety performance metrics. As the name indicates, the Recordable Incident Rate ("RIR") captures the number of recordable safety incidents in a given year regardless of the injured employee's ability to return to work. The other measure is the Days Away Restricted Transferred, or DART Rate, which uses a formula to yield an index number that provides deeper insight into events that have, as the acronym states, lost time events, transfers and restricted duty. The Authority has used the RIR, but recently adopted the DART rate for a more meaningful reflection of the severity of safety incidents. NYPA's 2015 DART target is 0.78; this month its 2.05.

The American Public Power Association provided safety data for both DART and RIR incidents from seven member public power utilities of similar workforce size and total annual work hours for 2011-2013. For both the RIR and DART, a lower score correlates to better performance.

For the three-year comparison of the DART rate, the Authority ranked as either the second or third in the industry of the 8 total surveyed utilities.

The Safety of the Authority's employees at work and at home is its number one goal. The Authority's Safety record remains a model for the industry, yet it strives to continuously improve its safety record and provide year-round training and awareness to its employees.

Operations Strategic Initiatives

The Operations Department is in the process of establishing a dedicated team to drive forward and manage the implementation of the two Strategic initiatives that fall within Operations' responsibility, Smart Generation & Transmission and Asset Management. This dedicated team will spearhead and implement these initiatives in the same fashion the Authority would, with any of its large-scale capital programs, following the same discipline, accountability, and Project Management Principles.

As part of succession planning and talent development, Operations have looked internally to some of its brightest and best employees to manage these critical initiatives, which, in turn, mean that it will have a natural cascading effect, and create critical internal opportunities for other staff. Operations will be working diligently to fill these critical positions.

c. Report of the Chief Financial Officer

Mr. Robert Lurie presented highlights of the Chief Financial Officer's report to the Trustees (Exhibit "3c-A").

"Net Income – February 2015"

The Authority's Net Income for February was well below budget (\$23 million vs \$37 million). Year to date, Net Income is \$10 million compared to the budget of \$44 million. This drop in Net Income was due primarily to lower-than-expected revenues from excess power the Authority sells into the merchant market.

Net Income for February was well below budget, continuing the trend we saw in January. Year-to-date, the Authority's Net Income is \$10 million, compared to the budget of \$44 million. As in January, the drop was due primarily to lower-than-expected sales revenue from sales of excess power sold into the merchant market. Unlike in January, however, the shortfall was not due to falling energy prices but to falling sales volumes. This was due to reduced hydro flows as a result of precipitation in the Great Lakes that was about 50% of normal this winter, plus a lack of any ice thaw because of the extreme and persistent cold. Consequently, if we break down the variance in the Authority's merchant sales revenue between volume reductions and price reductions, that volume had almost twice the effect of changes in price (See Exhibit "3c-A").

Unexpectedly Severe Price Declines

While capacity price forecasts have remained relatively unchanged, the Authority experienced a precipitous drop in natural gas prices, which has led to lower wholesale electricity prices. This drop has been a change of more than two standard deviations, or above the 90th percentile, of historical price variations. And since February, spot market prices held steady for a while then continued the downward trend.

Hydro Generation

Regarding forecast hydro volume changes, some of the shortfall had to do with ice formation that did not thaw as much as is typical. That, in a sense, means that more water is stored upstream in the form of ice, and will eventually make its way downstream to the Authority's hydro plants. However, this is expected to take a while and that water may not show up until 2016 and 2017.

Year-End Projections

Staff has revised the Authority's 2015 year-end forecast based on these factors. The original budget was for Net Income of \$206 million, and it is expected that the Authority will lose \$66 million due to reduced hydro volumes, and a like amount due to reduced energy prices. This results in a new forecast of \$73 million of Net Income for 2015. This figure is NET of the Authority's budgeted voluntary contribution to the state.

While this is certainly a large reduction from the Authority's budgeted Net Income, it is important to keep this new forecast in context. First, the \$73 million forecast is "roughly the same as the average Net Income results over the last 10 years."

Also, even at this lower number for Net Income, the Authority's cash flow is still very strong, as shown in its debt service coverage ratio, which is based on cash, not accrual, figures. The Authority's reduced forecast would still result in a coverage ratio of 2.9 times debt service, and would still be above its target for the year of at least 2.7x, and well above the minimum level the Board set by policy of 2.0x.

Net Income

Net income for the two months ended February 28, 2015 was \$9.9 million, which was \$34.4 million lower than budgeted due primarily to a lower net margin on sales (\$53.7 million), partially offset by lower "other operating" expenses (\$8.3 million), lower "operations and maintenance" expenses (\$7.8 million) and higher non-operating income (\$5.1 million).

Margins on market-based sales were lower than budgeted primarily at Niagara (\$33.9 million), St. Lawrence (\$7 million) and the SCPP's (\$6.8 million) due to lower energy revenues resulting from significantly lower prices, and the impact of 17% lower Niagara production caused by low precipitation and less than normal ice thaw.

Other operating and operations and maintenance expenses reflected early-year timing differences. Non-operating income included a mark-to-market gain on the Authority's investment portfolio (\$3.0 million) due to lower-than-expected market interest rates.

As authorized by the Trustees in February 2015, the Authority made a \$42 million voluntary contribution to the Empire State Development Corporation in support of the Open for Business economic development initiative. This payment was included in the January budget."

In response to a comment from Trustee Nicandri, Chairman Koelmel said, and Mr. Lurie agreed, the funding to the state is included in the budget.

In response to a question from Vice Chair Mahoney, Mr. Lurie said the Authority does not have a formal process to keep the Budget Office apprised of its Net Income projections; however, he had discussions with the Budget Office staff during the state budgeting process to make them aware of the Authority's financial capabilities and outlook. He said it should be noted that the discussions took place in December/January and the Authority's outlook looked better at that point.

In response to a question from Chairman Koelmel regarding the drop in Net Income, Mr. Lurie said that the Authority may need to: 1) more tightly manage its operating expenses; 2) explore ways to cut expenses; 3) look at how the Authority can manage risks; and 4) consider hedging strategies and if the Authority wants to pay the cost of those hedges.

In response to further questioning from Chairman Koelmel, Mr. Lurie said the bulk of the Authority's sales are from excess power sold into the market and this occurs during the winter. Looking ahead to the winter of 2016, the market forecasts a return to higher levels of prices.

In response to a question from Trustee Foster, Mr. Lurie said the Authority's revised budget of \$73 million is based on where prices are today and the assumption that those prices will remain until the end of the fiscal year. Mr. Lurie said the Authority cannot mitigate the factors that drive the hydro flows – icing conditions, precipitation, temperatures and a variety of other risk factors. However, the Authority has adopted a plan to partially hedge the energy prices and will be implementing that. Also, the Authority is forecasting Net Income in 2016 to be over \$200 million.

In response to a question from Chairman Koelmel, Mr. Lurie said based on water levels in the great lakes, the Authority is assuming that hydro flows will be above normal for the next few years and have built that into its operating forecast for the period 2019-2020.

In response to further questioning from Chairman Koelmel, Mr. Lurie said based on stress tests on energy prices and volumes which the Authority conducts when preparing its budget, the Authority's net income is above zero. This is only a small portion of the Authority's overall business, the bulk of which is from revenues it receives from selling power to its contracted customers and this is extremely stable. He said the net income is from the excess revenues earned when the plant generates more than its customers need and the Authority sells that excess power into the wholesale market

In response to still further questioning from Chairman Koelmel, Mr. Lurie said the net income or excess cash flow that the Authority would earn over its expenses typically goes first to capital expenses and then into the Authority's reserves. Even at these low levels of net income, the Authority's excess cash flow will still be sufficient to pay for all of its capital programs; the Authority's free cash flow is still around zero, and its large reserves, along with future income, are more than sufficient to fund its long-term capital and strategic initiatives.

In response to another question from Chairman Koelmel, Mr. Lurie said the Authority will explore opportunities for savings within its operating budget and also ways to prevent such a drop in its Net Income in the future. He added that the Authority’s contracted revenue business will be increasing in profitability to the point where it will support its day to day operations business. And, by holding expenses constant, and, with the natural inflation that is built into the Authority’s rates, it will be able to function with this variation.

In response to a question from Trustee Nicandri, President Quiniones said because of regulations, most of the utilities in New York do not own generators any longer and are therefore not exposed to the risks associated with the volatility of the wholesale market. However, the private companies that own generators experienced financial stress because of this volatility.

In response to a question from Chairman Koelmel, Mr. Lurie said the Authority was rated AA by the rating agencies because it has the ability to withstand fluctuations such as the drop in its net income. He said the Authority’s cash flow will be sufficient to pay for all of its capital programs. Its large reserves, along with future income, will be more than adequate to fund its long-term capital and strategic initiatives. Therefore, even at the low levels of net income, the Authority’s cash flow will be sufficient to pay all of its cash flow programs that it expects to spend this year.

In response to a question from Chairman Koelmel, Mr. Lurie said prior to the May 19th meeting, staff will provide the Board with an analysis of the ramifications of the drop in the net income; NYPA’s response to the drop in net income; and NYPA’s net income projections. Staff will also include a “Financial dashboard” in its next report to the Board.

4. FINANCE MATTERS:

4a. Release of Funds in Support of the Western New York Power Proceeds Allocation Act

RESOLUTION	Moved: J. Mahoney	Seconded: J. Foster	Adopted: 6/0
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4b. Contribution of Funds to the State Treasury

Mr. Brian McElroy provided highlights of staff’s recommendation to the Trustees. In response to a question from Chairman Koelmel, Mr. McElroy said the \$8 million is from 2015 net earnings and is included in the \$73 million Net Income forecast as well as the 2015 Operating Budget, therefore, it is appropriate to make this

allocation. In response to further questioning from Chairman Koelmel, Mr. Lurie opined that, given the previous discussions regarding the Net Income, it is “feasible” and “advisable” that the Board award staff’s recommendation.

RESOLUTION	Moved: J. Foster	Seconded: J. Mahoney	Adopted: 6/0
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4c. St. Lawrence/FDR Project Relicensing Agreement – Ten-Year Review with Local Government Task Force – Contract Award

Mr. Mark Slade provided highlights of staff’s recommendation to the Trustees. In response to a question from Trustee Foster, Mr. Slade said there have been supplemental events that have occurred in the North Country, e.g. the closure of the GM plant and the curtailment at ALCOA, that are within the scope of the list of items recommended in the Trustee item. Also, the funds being requested will be spent over several years.

Trustee Nicandri added that the communities that are involved border the Project. The Authority’s project boundary and the properties that it owns have been extracted from those communities on the American side of the St. Lawrence River, and, as a result, that area does not lend itself to private development and this hampers the economic opportunities that are available to those communities. He also said the review is not a renegotiation of the license agreement, and this was a contention with the Local Government Task Force. He continued that the economic depression in that area goes back to 2003. And the recommendation before the Board is within the Authority’s mission statement and also what its license allows it to do.

In response to further questioning from Trustee Foster, Trustee Nicandri said under the license renewal another review is required in ten years and President Quiniones added that the Authority has an agreement with the Local Government Task Force; therefore, there is no need for a dispute resolution. Also, the 10-year review is consistent with the License Agreement with the Authority.

In response to a question from Chairman Koelmel, President Quiniones said the firm McKinsey & Co., Inc. will conduct a global search in order to attract companies to invest in the North Country based on the available low-cost power and state economic development programs. Trustee Nicandri added that, in 2003, as part of the relicensing, the area was awarded an allocation of 20 MW of hydroelectric power for economic development; to his knowledge, no one has applied for any of that power. So, in order to market that power, the area is in need of a study that can identify the assets of the area and what industries and companies match what they have to offer.

Resolution adopted with the exclusion of Vice Chair Mahoney – recused from the vote.

RESOLUTION	Moved: J. Foster	Seconded: E. Nicandri	Adopted: 5/1
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5. POWER ALLOCATIONS:

a. Recharge New York Power Allocations

RESOLUTION	Moved: T. Flynn	Seconded: J. Mahoney	Adopted: 6/0
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b. Western New York Hydropower Allocation and Notice of Public Hearing

RESOLUTION	Moved: T. Flynn	Seconded: J. Mahoney	Adopted: 6/0
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6. Board Resolution – Joanne M. Mahoney

Chairman Koelmel presented the Board Resolution to Vice Chair Mahoney (Exhibit “6-A”). He said Vice Chair Mahoney’s many contributions to the Board have been outstanding and greatly valued. He also wished her success in her new endeavor and opportunity with the Thruway Authority. He ended by saying on behalf of the Board of Trustees, President Quiniones and the entire organization he wanted to thank her for all she has done to contribute to their success and to wish her the very best.

In response, Vice Chair Mahoney thanked the Board saying that she will take the skills she learned regarding how this Board operates to the Thruway Authority. She said she appreciates the level of professionalism with which this organization is run and plans to take some of those “best practices” to the Thruway Authority. On a personal note, she said she has made good friends at NYPA and appreciated the time spent educating her on all things Power Authority and how to run an authority here in the state of New York.

Upon motion made and seconded the resolution was unanimously adopted.

RESOLUTION	Moved: J. Foster	Seconded: E. Nicandri	Adopted: 5/0
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7. **Motion to Conduct an Executive Session**

RESOLUTION	Moved: J. Mahoney	Seconded: J. Foster	Adopted: 6/0
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8. **Motion to Conduct an Executive Session**

RESOLUTION	Moved: J. Mahoney	Seconded: J. Foster	Adopted: 6/0
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9. **Next Meeting**

RESOLUTION	Moved: J. Mahoney	Seconded: J. Foster	Adopted: 6/0
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