



Date: May 24, 2016

To: THE TRUSTEES

From: THE PRESIDENT and CHIEF EXECUTIVE OFFICER

Subject: Procurement (Services) Contract –
Third-Party Brokerage Services

SUMMARY

The Trustees are requested to approve the award of five-year personal service contracts to Amerex Brokers LLC (“Amerex”), of Sugar Land, TX and TFS Energy Futures LLC of Stamford, CT, respectively, for Third-Party Brokerage Services for a total aggregate amount up to \$500,000. The current agreement with Amerex will not expire until the end of January 2018; however, multiple brokers are necessary to leverage more commercial relationships in order to enable NYPA to seek more transaction opportunities at the best prices achievable. To that end, the Authority issued a Request for Proposal (“RFP”) prior to the completion date of the existing contract. The current contract will terminate once the new Amerex contract is in place.

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 in excess of one year.

The services are required to provide brokering transactions and/or price discovery for the following products: NYISO capacity market; NYISO power market; natural gas; and various environmental attributes including RGGI CO2, RECs, and Emission Reduction Credits. The brokered transactions would involve instruments such as swaps, futures, Contracts for Differences (“CFDs”), options, swaptions, heat rates, and locational spreads. In accordance with NYPA’s credit risk processes, services are also required to facilitate exchange clearing of transactions with counterparties for which NYPA does not have International Swaps and Derivatives Association (“ISDA”) agreements.

DSCUSSION

The Authority solicited proposals from qualified vendors for Third-Party Brokerage Services through an RFP (Q15-5975FS) issued in the New York State *Contract Reporter* on October 20, 2015. Of the twenty-two (22) firms that requested copies of the bid documents, the following two bidders submitted proposals:

Amerex Brokers LLC
Sugar Land, TX 77478

TFS Energy Futures LLC
Stamford CT 06901

Evaluation of the two proposals was done by an Evaluation Committee comprised of the Director of Market Analysis and Hedging as well as the Portfolio Analysts in the group and Procurement. The bid evaluation was based on the technical merits of the proposals, experience and capabilities of the bidders and compliance with the commercial terms and conditions of the RFP. Amerex and TFS Energy Futures took no exceptions or deviations to the commercial terms. The Minority/Women-owned Business Enterprise (“MWBE”) requirements on this contract were waived.

Both bidders met the necessary criteria and were deemed qualified to offer the desired services. Therefore, the evaluation team recommends an award to both firms to provide the Third-Party Brokerage Services.

As the need arises for specific brokerage services in support of hedging for NYPA or its customers, NYPA’s Market Analysis and Hedging personnel implementing the hedging strategy will utilize these brokers to achieve the best execution (i.e., the highest revenue or lowest cost inclusive of the transaction price, broker fee, and any clearing fees).

FISCAL INFORMATION

The total aggregate amount up to \$500,000 is for a term of five years. These contract awards do not obligate the Authority to a specific level of expenditures. The terms of service shall commence on or about, July 1, 2016 with each contract ending five years after signing. Any payments to be made under these agreements will be paid from the Operating Fund. Any costs associated with transactions executed in support of specific customer agreements will be assigned to those customers.

RECOMMENDATION

The Senior Vice President – Wholesale Commercial Operations and the Director – Market Analysis and Hedging recommend that contracts be awarded to Amerex Brokers LLC and TFS Energy Futures LLC, respectively, for Third-Party Brokerage Services for a total aggregate amount up to \$500,000.

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, approval is hereby granted to award five-year contracts to Amerex Brokers, LLC, and TFS Energy Futures LLC, respectively, for an aggregate total expenditure up to \$500,000, for Third-Party Brokerage Services as recommended in the foregoing memorandum of the President and Chief Executive Officer;

Contractor

**Amerex Brokers, LLC and
TFS Energy Futures LLC**

(Q15-5975FS)

Contract Approval

**\$500,000
(aggregate)**

AND BE IT FURTHER RESOLVED, That the Chairman, the Vice Chairman, the President and Chief Executive Officer, the Chief Operating Officer, all other officers of the Authority and the Vice President of Procurement 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.