

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

May 22, 2014

Introduction

Chairman Koelmel welcomed the Trustees and staff members who were present at the meeting. He said 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 May 22, 2014 Proposed Meeting Agenda

Upon motion made and seconded, the meeting Agenda was adopted.

RESOLUTION	Moved: R.W. LeChase	Seconded: E. Nicandri	Adopted: 4/0
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2. Consent Agenda:

<p>a. Minutes of the Annual Meeting held on March 25, 2014</p> <p>b. Contracts for the Sale of Western New York Hydropower – Transmittal to the Governor</p> <p>c. Municipal and Rural Electric Cooperative Economic Development Program – Allocations to Villages of Castile and Bergen</p> <p>d. Allocations of Hydropower and Notice of Public Hearing</p> <p>e. Awards of Fund Benefits from the Western New York Economic Development Fund Recommended by the Western New York Power Proceeds Allocation Board</p> <p>f. Corporate Policy - Risk Management and Executive Risk Management Committee Charter</p> <p>g. Committee Appointments</p> <p>h. Procurement (Services) Contract – Coopers Corners Shunt Reactor Project Capital Expenditure Authorization Request and Contract Award</p> <p>i. Procurement (Services) Contract – Niagara Switchyard – Transmission Life Extension and Modernization Program – Capital Expenditure Authorization Request and Contract Award</p> <p>j. Procurement (Services) Contract –Niagara, St. Lawrence, and Blenheim-Gilboa Pumped Storage Projects – Visitors' Centers Upgrade – Capital Expenditure Authorization Requests and Contract Award</p> <p>k. STL-CEC Microwave System Upgrade Project – Capital Expenditure Authorization Request – Increase in Authorized Funding</p> <p>l. Procurement (Services) Contracts – Business Units and Facilities – Awards, Extensions and/or Additional Funding</p>
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Conflicts of Interest

Vice Chair Mahoney declared the following conflicts and indicated that she would not be participating in the discussion or voting on the matters:

- *Op-Tech Environmental Services, Inc. and Arcadis of New York, Inc. (Item 2l)*

Trustee LeChase stated for the record that his company does business with some of the companies either as subcontractors, suppliers or, in one instance, owner. However, since he has no personal dealings with them, he believes no conflicts of interest exist that would prevent him from voting on those items.

Chairman Koelmel and Trustee Nicandri declared no conflicts.

In response to a question from Trustee Nicandri, Mr. Welz said with respect to item #2k (STL-CEC Microwave System Upgrade Project Capital Expenditure Authorization Request – Increase in Authorized Funding), staff’s request for an increase in funding was as a result of increases in cost as well as delays due to weather conditions.

Upon motion made and seconded, the Consent Agenda was approved.

RESOLUTION	Moved: R.W. LeChase	Seconded: E. Nicandri	Adopted: See Conflicts of Interest note above.
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Discussion Agenda:

3. Report of the President and Chief Executive Officer:

Performance Scorecard

President Quiniones said he was pleased to report that, based on the Performance Scorecard; the Authority was doing very well, exceeding most of the goals outlined in the Scorecard. He then asked Mr. Welz to brief the Trustees on environmental and safety which was below target. Mr. Welz said that to date, there has been seven DART (the measure of the Authority’s safety performance) related issues. There were some incidents at the 500 MW and Blenheim-Gilboa plants, and a reclassification of “injury.” And since the individual employees were placed on medical leave, it had to be counted as DART incidents. However, with better weather conditions expected in the months ahead, the DART rate will adjust to the target as outlined in the performance scorecard.

Responding to a question from Chairman Koelmel, President Quiniones said despite the weather conditions at the beginning of the year, the Authority is performing well financially. Notwithstanding the DART rate, from a reliability, generation and transmission perspective, the Authority is operating extremely well. In addition, the Y-49 transmission cable repairs and the implementation of the Authority’s Strategic Plan are going according to plan. There are no cautionary “flags” at this time to report. President Quiniones ended by saying that the trajectory for the balance of the year is very positive. However, he will continue to be vigilant and focused in executing the Authority’s plans.

4. Contribution of Funds to the State Treasury

Mr. Brian McElroy presented highlights of staff’s recommendation to the Trustees. In response to a question from Trustee Nicandri, Mr. McElroy said the debt service coverage ratio in relation to the transfer is 3.5 times. Responding to further questioning from Trustee Nicandri, Mr. McElroy said the ratio has been increasing over the years and he will provide the actual calculations to the Board. Responding to still further questioning from Trustee Nicandri, Mr. Russak said the Authority is at a steady state with respect to its earnings level. The capital that investments the Authority will be making will not directly affect the coverage calculation and therefore, going forward, will not have a direct effect as money is spent on the transmission investments.

Responding to a question from Chairman Koelmel, Mr. Russak said the coverage calculation takes into account any capital additions and that is why it is not going to have a direct effect right away. The Authority is in a good place financially and is prepared to meet the challenge of the significant increase in investments that it will be making over the next several years, namely, the Transmission Life Extension and Modernization (LEM); Lewiston Pumped-Generation LEM and the Build Smart NY Programs.

RESOLUTION	Moved: R.W. LeChase	Seconded: J. Mahoney	Adopted: 4/0
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5. Election of Executive Vice President and Chief Financial Officer

Trustee LeChase presented the recommendation for the election of the new Chief Financial Officer to the Board. He said the Governance Committee met in special session prior to this meeting and on President Quiniones’ recommendation and information, it approves and recommends to the full Board the appointment of Robert Lurie as Executive Vice President and Chief Financial Officer.

The following resolution, as submitted by the Chairman of the Governance Committee, was unanimously adopted.

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RESOLUTION	Moved: R.W. LeChase	Seconded: E. Nicandri	Adopted: 4/0
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6. **Retirement Resolutions – (Chairman Koelmel)**

Chairman Koelmel presented highlights of the recommendation to the Trustees. The following resolution, as presented by the Chairman, was unanimously adopted.

.... Chairman Koelmel said on behalf of the Trustees and Executive Management, he wanted to recognize Donald Russak and Joan Tursi who are retiring and asked President Quiniones to provide a few remarks.

President Quiniones made the following remarks:

Don will be leaving his position as Executive Vice President and Chief Financial Officer knowing that he leaves the Authority with its financial house in order and stronger than it has ever been in its history. I can't overstate the role that he has played in our successes that have helped to maintain NYPA's strong financial position. And, in fact, as recent as last year, Standard & Poor's upgraded our credit rating from "stable" to "positive"--- what a legacy Don is leaving for the Power Authority.

During his tenure as Chief Financial Officer, NYPA decisively surpassed its goals in such critical areas as net income, debt service coverage ratio, leverage and liquidity, while meeting our stringent budget requirements and targets. These elements have been essential for the major contributions that our organization makes to the state's electric power system and economy.

Don's institutional knowledge and thorough comprehension and command of the issues affecting NYPA and our industry have been of tremendous help to me, the executive management team and to this board's decision-making. But if I had to characterize Don in one word, it would be "commitment," i.e., commitment to the Power Authority. He exudes this quality, and I thank him for his steadfastness and professionalism throughout his nearly 35 years of service. Don, we wish you all the best in your retirement.

Chairman Koelmel added that Mr. Russak has been terrific, brilliant, and wonderful to work with. He said Don has provided the Trustees with incredible counseling and confidence. He thanked him on behalf of the entire state and the organization for his incredible service and many contributions through the years.

In response, Mr. Russak said it has been a long run and he has been very proud to help serve the Power Authority through the years. He said he looks forward to its continued success and wished the organization all the best.

Chairman Koelmel said Ms. Joan Tursi was also retiring and asked President Quiniones to provide a few remarks on her many contributions.

President Quiniones made the following remarks:

NYPA employees owe a debt of gratitude to Joan, our Senior Vice President for Enterprise Shared Services, who is also retiring after more than 30 years at NYPA. She has been a tireless advocate for the workforce, instituting programs that have given employees many opportunities to succeed in their careers. This has enhanced our efforts to attract and retain employees in a highly competitive environment. Most recently, Joan was

instrumental in the implementation of an innovative on-site MBA program, in conjunction with Pace University. She has always understood that an inspired and talented workforce is our greatest asset. Many of the endeavors spearheaded by Joan have been forward-looking. Because of her leadership and dedicated efforts, NYPA is ready for the industry challenges that lie ahead. Joan has helped to reinvigorate our corporate culture and make NYPA a place where people look forward to coming to work.

Joan, thank you for all that you've accomplished. You're the consummate professional and I wish you the very best.

Chairman Koelmel said on behalf of the Board, he wanted to thank Joan for her valuable service and many contributions. He said she has been sage in steering the Authority through many challenging issues. He continued that every organization's success is a function of its talent and the Board appreciates her leadership which, not only put the Authority in a better place, but helped to make sure it was well-positioned to move forward as it pursues new opportunities.

In response, Ms. Tursi thanked the Chairman for his kind words and said it had been wonderful working at the Power Authority.

Chairman Koelmel said in addition to Don and Joan, this is also Trustee LeChase's last meeting, another bittersweet moment for all of us. He said Trustee LeChase has been at the table through some of the Authority's recent transitions - leadership and organizational - and contributed significantly to those changes.

He then made the following remarks.

"As an attorney, and Chief Executive Officer of a highly successful construction company, and advocate for upstate businesses, Trustee LeChase brought invaluable private-sector experience and knowledge of economic development to his duties as a Trustee of the Power Authority. This supported our rollout of the hugely successful ReCharge NY program, with Wayne being a strong advocate for the hundreds of allocations that we've made in support of nearly 400 thousand jobs. Further, his background in building construction and energy efficiency has been of great help in NYPA's administering of Build Smart NY, another initiative of the Governor's. Beyond this, his practical common-sense approach has helped us navigate many complex issues.

Wayne, it's been a pleasure serving with you on this Board, and we wish you all the best.

Wayne, on behalf of the members of the Board, I want to thank you for your tremendous service, your invaluable guidance and wisdom and be assured, you will be missed. Thanks also for your incredible commitment, time and energy that you have brought for the benefit of the Power Authority and the State of New York during your years on the Board."

Trustee Nicandri said he wanted to express his appreciation to Trustee LeChase. He said he has been a great friend and person to work with. He enjoyed their time together and he is going to miss them.

Trustee Mahoney said she wanted to echo the Chairman's and Trustee Nicandri's words and added that on a personal level it's been a pleasure to get to know him. She said she enjoyed being able to work with him, that it's been comforting to have someone of his stature sitting on the NYPA Board with them and she wished him all the best in the future.

Trustee LeChase thanked the Chairman and Trustees for their comments. He said he was going to miss a great team. He enjoyed his tenure with the Power Authority which rounds out about ten years of civic duty that he felt very strongly about. He is sad that it is time to end it and get on with the next stage of his life; however, he thinks that the Power Authority is properly positioned; it's an exciting and vibrant place – it is helping the state get back on track and he is very proud to have served with such a great team and with such a great Board.

The following resolutions, as submitted by the Chairman, were unanimously adopted.

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RESOLUTION	Moved: E. Nicandri	Seconded: J. Mahoney	Adopted: 4/0
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7. **Next Meeting**

RESOLUTION	Moved: R.W. LeChase	Seconded: J. Mahoney	Adopted: 4/0
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