

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

September 24, 2013

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 September 24, 2013 Proposed Meeting Agenda

Chairman Koelmel indicated that there would be an addition to the Agenda, "Appointment of Vice Chair of the Authority." Upon motion made and seconded the meeting Agenda was adopted, as amended.

RESOLUTION	Moved: T.P. Flynn	Seconded: J.F. Foster	Adopted: 6/0
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2. Consent Agenda:

<ul style="list-style-type: none"> a. Minutes of the Regular Meeting held on July 23, 2013 b. Decrease in New York City Governmental Customers Fixed Costs – Notice of Proposed Rulemaking c. Increase in Westchester County Governmental Customers Rates – Notice of Proposed Rulemaking d. Firm Market Power Service Tariff and Western New York Service Tariff Amendments – Notice of Adoption e. Direct Sale Contracts for the Sale of Western New York Hydropower – Transmittal to the Governor f. Transfer of Business Power Allocations g. Energy Management Center – Development and Implementation Services – Contract Award h. Niagara Power Project – Robert Moses South Access Gate Security Enhancements South Access Road Improvements – Contract Award i. Blenheim Gilboa Power Project Security Building and Power Supply – Capital Expenditure Authorization and Contract Award j. Procurement (Services) Contract – Blenheim-Gilboa Pumped-Storage Project Relicensing – Lead Relicensing Consultant k. Procurement (Services) Contract – St. Lawrence/FDR Project Environmental Services Consultant l. Procurement (Services) Contracts – Business Units and Facilities – Awards, Extensions and/or Additional Funding

Upon motion made and seconded, the Consent Agenda was approved. Trustee LeChase was excused from the vote on Items #2l (Procurement Awards, Extensions and/or Additional Funding) as it pertains to CHA Consulting, Inc. and #4a (Power Allocations Under the Recharge New York Program) as it pertains to Corning, Incorporated.

RESOLUTION	Moved: J. M. Mahoney	Seconded: R. Wayne LeChase	Adopted: See note above
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3. Discussion Agenda:

a. REPORT OF THE PRESIDENT AND CHIEF EXECUTIVE OFFICER

Report from the President and Chief Executive Officer:

a. Corporate Performance

President Quiniones welcomed the Trustees to the Niagara Project. He stated that his report would include the summary of the reports of the Chief Operating Officer, Chief Financial Officer, and the Chief Risk Officer, after which, the Trustees can ask questions on the respective reports. He said a panel of Authority staff will summarize all of the activities by the Authority in Western New York. Also, Mr. Robert Lurie, Senior Vice President of Strategic Planning, will provide a progress report on the Authority's strategic planning process, after which the Trustees can engage in dialogue with him and the executive management team on its content. President Quiniones continued that based on the Performance Scorecard, the Authority is doing extremely well, to date.

Responding to a question from Chairman Koelmel, President Quiniones said the Authority continues to address the transmission system reliability which result, as indicated in the Performance Scorecard, is a function of the failure of one of the Authority's lines that connects Westchester to Long Island. He said although it remains in the performance metrics, the Authority is still ahead of its performance.

Summary of Summer Events

President Quiniones highlighted some of the events during summer 2013 as follows:

- 1. The Authority issued its Sustainability Report which outlined the Authority's progress with the thirty-nine (39) specific actions outlined in the original Report issued in 2010.*
- 2. As required by Legislation, the Authority issued its Report on Energy Efficiency in Schools;*
- 3. The Authority issued its Build Smart NY Benchmarking Report which creates the baseline on energy performance on all state-owned buildings under Build Smart NY.*
- 4. ALCOA conducted the ground-breaking of its East Plant in Massena, NY;*
- 5. The Authority celebrated the 40th anniversary of the operations at the Blenheim-Gilboa Plant;*
- 6. President Quiniones attend the 75th anniversary celebration of GM's Tonawanda Engine Plant.*

b. Operations Report

President Quiniones said the Authority did extremely well in July and August and this trend continues year-to-date. He said the failure of the Y-49 transmission line affected the performance metrics, but, overall, operationally, including environmental and safety, the Authority is trending positively and doing well.

c. Financial Report

President Quiniones said financially, the Authority is ahead of its budget with Net Income \$43 million higher than the budget. The year-end projections remain above the budget and this is due in large part to higher capacity and energy prices in the market. He continued that, as outlined in Mr. Concadoro's mid-year financial report, the Balance Sheet and liquidity are very strong. He ended by saying that, from a financial perspective, all the key indicators are showing positive performance.

d. Enterprise Risk Report

President Quiniones said the utility industry is changing and enterprise risk will be very important as a result of those changes. He said enterprise risk will be very important during this time and the utilities have to adapt to these changes. To that end, the Authority will incorporate enterprise risk in all aspects of its operations, both operationally and financially, and the Trustees will be provided with updates and reports on its enterprise risk.

In response to a question from Chairman Koelmel, President Quiniones said optimization of the Authority's position of strength both operationally and financially is part of the core focus of the Authority's strategic planning process which will be completed by the end of the year. Also, the Trustees will be provided an update on the process prior to its completion. Responding to further questioning from Chairman Koelmel, Mr. Russak said the year 2014 is projected to be a positive year for the Authority financially. He said the areas that drive the Authority's earnings are performing well. Gas prices are expected to continue to be low and this will translate into low energy prices, which will benefit customers. There is a firming up on the capacity market side and this trend is expected to continue next year. He continued that there has been an increase in the amount of water available during the

course of this year, another positive sign, and this will further support the solid position of the Authority. Mr. Russak also said the Authority does have opposing issues, for example the HTP project and the residential discounts for the Recharge New York program; however, those payments are handled well within the construct of the Authority's financial picture. Responding to further questioning from Chairman Koelmel, Mr. Russak said the Authority is in the process of developing its proposed four-year plan and O&M Budget for 2014 which will be presented to the Trustees for consideration at the meeting in December.

In response to a question from Chairman Koelmel, Mr. Welz said the Authority is aggressively investing in its infrastructure. The Operations Business Unit is proposing an increase in its capital budget for 2014 over 2013 and is working with Finance in order to manage its very significant budget.

Responding to a question from Trustee Flynn, Mr. Welz said the Authority is making significant investments at the Niagara Project. Some of the investments include a \$460 million Life Extension and Modernization ("LEM") Program at Lewiston -- the first of 12 units to be overhauled has just been successfully completed; LEM of 13 units at the Robert Moses Plant; and a preliminary investment of replacing the control systems at the Moses Plant. In response to further questioning from Trustee Flynn, Mr. Welz said the Authority uses a significant amount of local contractors and labor in the area for its projects, for example the dam face project; upgrade of the switch yard breakers at Niagara and modernization of the road at Niagara University. President Quiniones added that as industry regulations change, it will be necessary for the Authority to make its assets more reliable. Therefore, as part of its long-term view of investing capital into its assets, by upgrading the Authority's power plants, such as LPGP, the Authority will actually increase the efficiency of the plants, and by upgrading the controls, add the flexibility required to support the integration of more variable resources into the entire system.

Responding to a question from Trustee Nicandri, Mr. Welz said that since Mr. Francois' promotion as Regional manager at the Niagara Project he has made management changes with the staffing. He has also identified projects that can be undertaken by the internal workforce instead of by contractors, adding to the Authority's productivity. He continued that with regard to staffing, although the Authority conducts internal training of its staff, it has been very successful in employing qualified people from outside, when necessary. He added that more trouble-shooters are needed on staff and, to that end, they are now in the process of developing this skill set internally.

4. Power Allocations:

a. Power Allocations Under the Recharge New York Program

RESOLUTION	Moved: J.F. Foster	Seconded: E. Nicandri	Adopted: 6/0
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b. Allocation of Hydropower and Notice of Public Hearing

RESOLUTION	Moved: J.F. Foster	Seconded: R. Wayne LeChase	Adopted: 6/0
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c. Hydropower Allocation – Contract Extension to Citigroup Technology Inc.

Mr. Michael Huvane provided highlights of staff's recommendation to the Trustees. In response to a question from Trustee Foster, Mr. Huvane said the general approach recommending extensions such as this is to make sure the company is still a substantial player in the community from an economic perspective; that it is compliant with its job commitment and continue to invest in its facility. He said Citigroup's facility is leased, so it is not expected that the company will do a lot of investment at the facility; however, this is one of the many back offices that has recently been located to Western New York. Staff generally recommends the extension for this type of operation as long as the company was committing to jobs and makes a positive contribution to the local economy.

In response to a question from Trustee Nicandri, Mr. Huvane said the Authority is hopeful that Citigroup will continue to develop this Data Center in Western New York. However, if and when the Authority can leverage Citigroup for additional investment and job growth, it will.

RESOLUTION	Moved: J.F. Foster	Seconded: E. Nicandri	Adopted: 6/0
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5. Awards of Fund Benefits from the Western New York Economic Development Fund Recommended by the Western New York Power Proceeds Allocation Board

Mr. Michael Huvane provided highlights of staff's recommendation to the Trustees. In response to a question from Trustee Foster, Mr. Huvane said the African American Heritage Corridor Commission is a historic corridor in Western New York which is responsible for the restoration of some of the landmark buildings in the area. The goal is to make this one of the major inner city attractions for tourism in the area.

In response to a question from Chairman Koelmel, Mr. Huvane said the Trustees are not authorized to approve any application relative to grants until the State Environmental Quality Review Act ("SEQRA")

requirements are met. Staff is evaluating the companies listed in Exhibit “B” titled “Applications being recommended for an award but not transmitted to NYPA” to ensure that the SEQRA requirements are met before recommending them to the Board for approval. Responding to further questioning from Chairman Koelmel, Mr. Huvane said the SEQRA process is now included in the initial evaluations of applications and, providing there are no time sensitive issues with the companies listed in Exhibit “B,” staff will bring them to the Board in December for approval.

Responding to a question from Trustee Nicandri, Ms. McCarthy said an agency in the state of New York would be the lead agency for SEQRA review of the grants; that agency will provide a notice to the Authority when it is completed. She said no final action will be taken by the Authority until all environmental reviews are completed. The WNYPPAB will recommend that the NYPA Board make awards from the fund; however, that recommendation is contingent upon SEQRA review, if necessary, and the other requirements. After the WNYPPAB makes a recommendation, Authority staff holds it in abeyance and will not bring it to the NYPA Board for approval until all concerns are satisfied and staff can assure the NYPA Board that there are no issues with the project.

Responding to a question from Chairman Koelmel, Mr. Huvane said the aquarium project indirectly stimulates jobs. He said Niagara Falls gets more than six million visitors per year and the aquarium would get only a small by portion of those tourists. They hope to make this a world class destination; so, in addition to the recent investment in the state park, it is anticipated that this investment will create a world class environment in Niagara Falls.

RESOLUTION	Moved: R. Wayne LeChase	Seconded: T.P. Flynn	Adopted: 6/0
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6. Charge NY Program – Expenditure Authorization and Contract Award

Mr. John Markowitz provided highlights of staff’s recommendation to the Trustees. Responding to a question from Trustee Foster Mr. Markowitz said the charging equipment would be deployed to various public host sites; this funding is non-refundable, therefore the Authority will not be recovering any of the money. Mr. Russak added that funding for this program was included in this year’s budget and it is also part of the Authority’s four-year budget plan. President Quiniones also added that the recommendation is for funding up to \$15 million; if the growth rate of electric cars is not as anticipated, the Authority will not expend the funds.

Responding to a question from Chairman Koelmel, Mr. Markowitz said the Authority has been tracking the registration of electric vehicles that would use these charging stations in the state. The Authority anticipates that the Governor's target of electric vehicles registrations of 40,000 within the five-year timeframe is realistic and supports the recommendation. The Authority plans to launch the installations in phases and at each phase track the registration data. Also, the Authority will be installing the charging equipment at host sites where there is a high concentration of electric cars.

In response to further questioning from Trustee Foster, Mr. Markowitz said it is not the Authority's intention to charge for the use of charging on the units; the host sites will be able to charge the end-user for using the equipment in order to recoup their electric cost. In response to further questioning from Trustee Foster Mr. Markowitz said this is a traditional grant program and part of the Authority's R&D efforts to expand this technology throughout the state. The host site will contribute towards the cost of installing the equipment and the Authority would be donating the cost of the hardware.

Responding to further questioning from Trustee Foster, President Quiniones said that part of the Authority's role is to advance new technology in the state. NYSERDA is also investing in this program which Governor expects will be catalytic through its rate of adoption. He said the rate of adoption is as projected by the Authority, and reiterated that the Authority is tracking this very closely so that it does not expend money ahead of the demand.

Responding to further questioning from Chairman Koelmel, President Quiniones said the Trustees can approve the request of \$1.5 million and staff can make recommendations to the Trustees for additional funding on an ongoing basis.

The Trustees agreed to amend the resolution authorizing the amount of up to \$2 million of the \$15 million Charge NY program.

The following resolution, as amended by the Trustees, was unanimously approved.

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RESOLUTION	Moved: J.F. Foster	Seconded: J.M. Mahoney	Adopted: 6/0 as amended from \$5M to \$2M
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7. **INFORMATIONAL ITEM: NYPA Benefits to Western New York**

Chairman Koelmel said that at the Board's request Mr. Harry Francois, Regional Manager of Western New York, Mr. Michael Huvane, Vice President of Marketing and Ms. Katherine Rougeux from the Strategic Planning department will make a presentation on the benefits the Authority provides to Western New York ("WNY").

Mr. Harry Francois, provided a summary of some of the benefits that the Authority provides to Western New York as follows:

NYPA provides many direct and indirect benefits to the region including relicensing benefits, economic development power programs and other initiatives, energy efficiency, and many other projects and benefits.

Niagara Power Project

The Niagara Power Project is the largest electricity producer in New York State, generating 2.6 million kilowatts—enough power to light 26 million 100-watt bulbs at once. This low-cost electricity saves the state's residents and businesses millions of dollars per year. In addition, approximately half of the project's total power generation produced at the plant stays in the region.

NYPA is a major employer in the region, providing a direct economic impact through employing about 300 workers, with an annual payroll of more than \$29 million at the Niagara Power Project.

In 2006, a \$298 million upgrade and modernization at the Robert Moses Niagara Power Project was completed. This was a 15-year project to upgrade all 13 generators from 150 MW to 215 MW. As part of the upgrade, all 13 turbines were replaced and other improvements were made to generating equipment in the power dam, enabling the project to operate at maximum efficiency well into the 21st century. In 2012, the Authority began a \$460 million, multi-year life extension and modernization of the Lewiston Pump-Generating Plant which is still underway. In fact, the first unit has just been completed with eleven more to go.

Relicensing

As part of the federal relicensing process required in order to maintain operations of the Niagara Power Project, NYPA engaged the public to address local concerns. This process resulted in settlement agreements that reflect issues that are important to the stakeholder groups and include both license-related and non-license related commitments made by NYPA to provide benefits to the communities near the project. The total value of these relicensing benefits will be more than \$1 billion for the 50-year license (which was granted in 2007) – as of August 2013, \$217 million has been spent towards this commitment. Host communities – which include Niagara County, the City of Niagara Falls, the Town of Niagara, Town of Lewiston, and the Lewiston-Porter, Niagara Wheatfield and Niagara Falls school districts – received \$250 million, and 28 megawatts of low-cost power. Erie County and the City of Buffalo will receive \$179 million as part of the relicensing agreement. The Settlement Agreements provide hundreds of millions of dollars for capital improvements and economic development along with millions in savings from power allocations for these entities over the 50 year term of the license.

Additional relicensing benefits include 4 MW of low-cost power and more than \$30 million allocated to the Tuscarora Nation and Niagara University. Funding has been provided to Niagara University for capital investments in the campus, landscaping, and athletic field upgrades. Ecological improvements account for \$48.2 million of funding in the region, in addition to the \$450 million in support of the establishment of the Niagara River Greenway. For example, one Habitat

Improvement Project currently under construction is the Frog Island project, a \$3.8 million project to restore 4 acres of historic wetland in the Niagara River to attract and benefit fish and wildlife. Recreational enhancements account for an additional \$18.6 million in spending in the region over the term of the license. Examples of recent recreational enhancements include the recently completed \$6 million renovation and upgrade of Reservoir State Park featuring new and refurbished ball fields, basketball and tennis courts, and a new Winter Pavilion and ice rink. Along the lower Niagara River, NYPA has enhanced a pair of outdated overlooks at the gorge rim and along the water's edge that feature wonderful views of the Niagara Falls, and connected the two overlook sites with an award-winning stone stairway.

Mr. Michael Huvane provided highlights of the Authority's Economic Development and Energy Efficiency efforts in Western New York as follows:

Western New York Economic Development Power Programs

More than one-third of the project's output is tied to two low-cost power programs for businesses within a 30-mile radius of the Niagara Power Project, with a small amount set aside for businesses in nearby Chautauqua County, at a price that is currently more than 40 percent lower than wholesale market electricity in the region. The 30 miles radius also covers a small piece of both Genesee and Orleans County

The hydropower programs, otherwise known as Expansion Power and Replacement Power, have allocations that are directly linked to roughly 30,000 jobs at 127 Niagara Frontier businesses.

In addition and most recently added to the Authority's portfolio of economic development power programs is Recharge New York. NYPA administers this statewide program and utilizes some of the Niagara project's low-cost power as part of a mix of hydropower and market-purchased power.

Currently, 93 WNY companies have been awarded ~48 MW of Recharge NY power, supporting more than 27,000 jobs in the region.

Western New York Economic Development Fund

The Western New York Economic Development Fund is new and a very innovative way to assist economic development projects in WNY. Essentially, the Authority uses the net earnings it receives from the marketplace from any unused Expansion or Replacement Power sold into the market at higher rates. Proceeds from the fund can be used to fund economic development projects within a 30-mile radius of the Niagara Power project. Prior to today's action on the Fund, a total of \$7 million was awarded by the NYPA Board to five businesses. Approximately \$23 million is now in escrow.

Niagara Economic Development Fund

NYPA Capitalized the Niagara Economic Development Fund ("NEDF"), providing low-interest loans to businesses locating or expanding in Niagara County. Currently, 13 loans have assisted 11 businesses in expanding and helped to create more than 650 jobs. Some beneficiaries of the Fund are USA Niagara Development Corporation, the Niagara County Center for Economic Development and the Niagara Frontier Transportation Authority have been past beneficiaries.

It is important to note that NYPA has a strong working relationship with the Economic Development Professionals in WNY and enjoy being a part of the team.

Energy Efficiency

NYPA has robust Energy Efficiency Programs throughout the state. Over the last two-and-a-half decades, NYPA has financed more than \$95 million in completed energy efficiency and clean energy projects at 475 sites in Western New York. These improvements save taxpayers nearly \$5.5 million per year and reduce greenhouse gas emissions by approximately 38,000 tons annually.

Some examples of NYPA's energy efficiency efforts are:

- *Williamsville Central Schools: NYPA worked with this suburban school district for an energy-saving makeover at the district's 13 elementary, middle and high schools. Efficiency measures include new lighting, cooling, heating and ventilation upgrades and other measures to enhance comfort levels for the nearly 11,000-student body.*
- *University at Buffalo: NYPA performed multiple phases of major energy efficiency upgrades throughout the campus. These improvements include ventilation and air-conditioning system upgrades, along with lighting retrofits and new and improved field lighting at University at Buffalo's Stadium.*
- *City of Niagara: NYPA is currently working with the City for a LED lighting upgrade at the Niagara Falls Veterans Memorial Monument.*

Ms. Katherine Rougeux provided highlights of the Authority's Economic Development and Energy Efficiency efforts in Western New York as follows:

The Power Authority marked its 50th anniversary at the Niagara Power Vista's admission-free visitor's center, hosting nearly 7 million visitors from around the world since it opened in 1963. The Power Vista is proud to provide free family fun to area residents and tourists alike, 7 days per week, year-round. Also, NYPA will be hosting the annual Wildlife Festival this upcoming weekend.

Electric Vehicles

NYPA has also helped to make New York State a leader in electric-drive and clean transportation technologies, and to put more than 75 electric and hybrid-electric vehicles into service in Niagara and Erie counties at various public entities, including the City of Niagara Falls, the Town of Niagara, the Town of Grand Island, and Niagara Falls State Park. NYPA also utilizes approximately 24 electric vehicles and hybrids for use at the Niagara project. These vehicles help improve air quality and reduce our carbon footprint.

Ice Boom Relocation

In recognition of the importance and significance of the Buffalo waterfront, NYPA enabled the creation of two new public waterfront parks. NYPA relocated the site of its ice boom storage facility, previously stored on Buffalo's Outer Harbor, to a new site two miles up the Buffalo River at 100 Katherine Street, in the Old First Ward of Buffalo. NYPA invested nearly \$24 million into the new ice boom storage facility and Mutual Riverfront Park. In addition, a New Outer Harbor Park – named Wilkeson Pointe - was created at the previous storage location.

Grain Elevators

NYPA also recently completed an extensive reconstruction effort on the connecting terminal grain elevators located at the First Buffalo River Marina along the Buffalo River. NYPA implemented measures to protect and secure the elevators including stabilizing the structure and remediation work. NYPA relicensing funding is also enabling Erie Canal Harbor Development Corporation to move forward with a plan to illuminate and activate grain elevators and bridges to revitalize the

Buffalo waterfront. This project is part of an effort to highlight Buffalo's powerful industrial history and support future improvements along the waterfront.

Maid of the Mist

NYPA has entered into an agreement between the Maid of the Mist, an iconic Western New York company, and the New York State Office of Parks, Recreation and Historic Preservation which will allow the company to stay in business, create and save jobs, and offer better access on the American side of Niagara Falls. NYPA is issuing permits after technical review and comment on the drawings and specifications, and is closely monitoring the construction of the facility at the former Schoellkopf Power Station No. 3 site, located only minutes away from the Falls. November 2013 has been targeted as the completion date for a functional dry dock, with full completion and restoration expected in summer 2014. Construction is progressing at the site - the crane needed to take the boats out of the water arrived at the site from Europe earlier this month, on track, to be able to begin operation by winter. NYPA is the driving force behind the site's historic preservation and interpretation. Schedule of interpretation of the site is still in the discussion phases, but will be a collaborative effort with local stakeholders, State Parks and the National Park Service. The expectation is to have interpretive signage in place when the site reopens to the public in 2014.

Workforce Development

NYPA has undertaken an initiative in response to the Energy Highway recommendation to support workforce development for the energy industry and has partnered with Empire State Development as part of the Buffalo Billion strategy to support advanced manufacturing workforce training. Both the energy and manufacturing industries are facing a high percentage of employees nearing retirement age and a deficiency of young members of the workforce – creating a need to hire and train an unprecedented number of new employees to fill the gaps. NYPA has been working closely with Empire State Development, New York State electric utilities, local educational providers and labor organizations to formulate and implement a strategy to address the workforce development needs and challenges in Western New York.

In response to a question from Trustee Foster, Mr. Russak said that as part of the relicensing settlement agreements, the Authority is providing \$9 million per year to various parts of the Niagara Greenway over the course of the 50-year license. Also, as part of the relicensing, the Authority has amended the Greenway agreement with the state parks in order to accelerate some of the investments to the park; as a result the state parks are able to make a one-time investment instead of having to wait yearly for the funds.

Chairman Koelman thanked staff for the presentations. He said the Authority should continue to work on raising the level of clarity regarding what the Authority does in WNY with the goal of making others aware of the economic impact the Authority is making across the state. President Quiniones agreed that the Authority should work on communicating to the people of Western New York the benefits it provides to the region. As an example, the major investments in the infrastructure of the Niagara Project also create jobs and stimulate economic activity in the region. The Authority has also been fulfilling the significant commitments it made during the relicensing of the project. The Authority has done a lot in terms of economic development, providing low-cost hydropower and

Recharge New York power and energy efficiency initiative, and number of other projects that are being planned, for the counties, municipals, villages and towns all within the Governors economic development plans for the region. He ended by saying that these significant activities need to be communicated within and outside the Authority and he will take it as a challenge to work on a plan to indicate how the Authority can better communicate this message.

8. Informational Item: Strategic Planning Process and Content

Mr. Robert Lurie provided highlights of the status of the strategic planning process and discussed some of the content and issues being studied and how they may affect the Authority in the future.

Strategic Planning Process

Mr. Lurie provided an overview of the timeline of the major steps in the strategic planning process which began in June. He said during the summer strategic planning staff did a scan of the Authority's external business environment, focusing on the business drivers and trends that are affecting the state, its customers and the industry. That scan was then inputted to the three off-site management planning sessions, the first of which took place on September 9 and 10, with the others to be completed in October. Staff will then meet with the Trustees in November to review the content of the plan and make any revisions necessary. Staff hopes to complete the draft plan by the end of December, and use the plan as the basis for the Business Unit planning in 2014.

The external scan included reports, surveys, and interviews with more than 30 stakeholders and experts. The stakeholders include customers, state agencies, academics, think tanks, financial experts and other experts and NGOs.

NYPA senior management was also interviewed to get their views of the external and internal issues facing NYPA.

Staff is now engaged in management planning workshops as follows:

- 1. The first workshop, "understanding the now," was dedicated to understanding the current environment, trends affecting NYPA, and discussing its mission statement.*
- 2. The second workshop will focus on the future, questioning "what are various scenarios of what the future might look like" and "what should the Authority's goals be in shaping that future." Staff will be establishing quantifiable targets associated with those goals.*
- 3. The third workshop will focus entirely on the action plan, starting with identifying the key long-term risks and opportunities that can be agreed upon based on all the previous work. From that basis, staff will decide on and prioritize strategies and projects that they want to propose to meet those long-term goals.*

Several experts were invited to the first workshop. The themes identified at the workshop include:

- 1. The opportunity for NYPA, as it has in the past, to exercise a leadership role in helping the state navigate a future of great change in the energy industry, one that is likely to include many new energy technologies and choices for customers;*
- 2. The need for the grid to become more flexible, resilient, and connected in order to accommodate these new technologies and choices; and*

3. *Talent management strategies are changing across many industries, including the utility industry, due to the combination of pending retirements and much greater employee mobility and increasing retention challenges.*

The themes were presented to the management team by a cross-functional group of NYPA employees, called the Core Team, who gathered the information from all of the external and internal sources and distilled it into themes and sub-themes to make it understandable.

Of the themes identified, management discussed and agreed upon a top 10 list of trends that are likely to impact NYPA and its customers the most. Some of these could be viewed as risks, some as opportunities, but most are both risks and opportunities. These include, but are not limited to:

- *The urgent issue of retirements and turnover among employees, which is creating the need for improved knowledge transfer and more strategic workforce planning;*
- *System reliability is increasingly threatened by factors including extreme weather, cyber-terrorism, and aging infrastructure;*
- *Other trends which include the need for a smarter grid, increasing demand from customers for services that help them reduce the cost or increase the quality of their electric power, and the reduced availability of governmental resources for energy, requiring greater leveraging of private capital.*

At the first workshop, staff also discussed NYPA's mission, and worked to separate the "ends" NYPA is trying to achieve, versus the "means" of what it could do to accomplish those ends. Both the ends and means are informed by NYPA's enabling statute.

Among the "ends" discussed were: providing economic benefits to the citizens of New York State; fulfilling NYPA's role as "stewards" of its energy and financial assets; and contributing to the achievement of NY State energy policy goals.

The means, as defined by the Authority's statute, include providing low-cost power, expanding new clean energy technologies such as renewables that benefit the environment, and maintaining or increasing reliability of the system.

Mr. Lurie ended by saying staff has prioritized the drivers and trends that are likely to affect NYPA, its customers, and the state in the future and will focus on those trends at the other workshops. Staff will then formulate goals and strategies that would provide tremendous benefits for the state, and further NYPA's legacy of building the energy infrastructure that New York will need in the 21st century.

In response to a question from Trustee Foster, President Quiniones said the upgrades being undertaken at the Authority's power plants will result in increased output; also, as part of the Governor's Blueprint on the Energy Highway initiative, the Authority will participate in some of the energy initiatives which will benefit the state, consistent with its mission and the statutory requirements.

In response to a question from Chairman Koelmel, Mr. Lurie said the top ten list of trends is intended to capture opportunities for the Authority to play leadership roles in the future of the transmission system and also in potential initiatives it could consider undertaking to make the grid more effective.

Responding to further questioning from Chairman Koelmel, President Quiniones said the Authority is viewed as one of the leaders in the utility industry, therefore, as part of its strategic planning process the

Authority will assess generational type projects that it can take the lead on that will benefit the state over time.

Responding to a question from Trustee Nicandri, Mr. Lurie said because identifying risks that are part of the Enterprise Risk report and that of the strategic plan are an interactive process there is communication/feedback between Risk Management and the office of Strategic Planning. They are in the early stages of developing the Enterprise Risk Management and Strategic Planning reports, and these will show how they integrate with each other.

Chairman Koelmel suggested and it was agreed that since the Authority collaborates with other agencies in its initiatives, Richard Kauffman, Chairman of Energy Policy, NYSERDA and the PSC be invited to a meeting of the Board as part of the discussions on the Authority's strategic plan.

9. Appointment of Vice Chair of the Authority

RESOLUTION	Moved: T.P. Flynn	Seconded: E. Nicandri	Adopted: 6/0
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10. Motion to Conduct an Executive Session

RESOLUTION	Moved: E. Nicandri	Seconded: J.F. Foster	Adopted: 6/0
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11. Motion to Resume Meeting in Open Session

RESOLUTION	Moved: E. Nicandri	Seconded: J.F. Foster	Adopted: 6/0
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12. Next Meeting