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Minutes of the Regular Meeting of the Power Authority of the State of New York held via video conference at the Clarence D. Rappleyea Building, 123 Main Street, White Plains, New York at approximately 10:10 a.m.

**Members of the Board present were:**

John R. Koelmel, Chairman  
Eugene L. Nicandri, Vice Chairman  
Dr. Anne M. Kress, Trustee  
Anthony J. Picente, Jr., Trustee  
Tracy McKibben, Trustee

Chairman Koelmel presided over the meeting. Corporate Secretary Delince kept the Minutes.
Introduction

Chairman Koelmel welcomed the Trustees and staff members who were present at the 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 July 26, 2016 Proposed Meeting Agenda**

Upon motion made by Vice Chairman Nicandri and seconded by Trustee McKibben, the meeting Agenda was adopted.

**Conflicts of Interest**

The following Trustees declared conflicts of interest as indicated below and said they would not participate in the discussions or votes as it relates to those matters.

*Chairman Koelmel:*
- Kaleida Health (Item #4b);

*Trustee Kress:*
- Corning, Inc. and Jasco Tools, Inc. (Item #4b)  
- General Motors, LLC; M&T Bank; (Item #7d-iv)

Vice Chairman Nicandri and Trustees Picente and McKibben declared no conflicts of interest.
2. **Motion to Conduct an Executive Session**

   *Mr. Chairman, I move that the Authority conduct an executive session pursuant to the Public Officers Law of the State of New York section 105 to discuss the financial condition and credit history of particular corporations as well as ongoing contract negotiations.* Upon made by Trustee Picente and seconded by Vice Chairman Nicandri an executive session was held.
3. **Motion to Resume Meeting in Open Session**

*Mr. Chairman, I move to resume the meeting in Open Session.* Upon motion made by Vice Chairman Nicandri and seconded by Trustee McKibben, the meeting resumed in open session.
4. CONSENT AGENDA:

Upon motion made by Trustee McKibben and seconded by Trustee Picente, the Consent Agenda was approved.
a. Governance Matters:

i. Approval of the Minutes

The Minutes of the Regular Meeting held on May 24, 2016 were unanimously adopted.
b. Power Allocations:

   i. **Transfer of Power Allocations and Adjustments to Job Commitments**

   The President and Chief Executive Officer submitted the following report:

   "**SUMMARY**

   The Trustees are requested to approve the (i) transfers of Authority Hydropower and Recharge New York (‘RNY’) Power and Hydropower allocations, and (ii) other recommended actions listed below:

   1. Transfer of a 600 kilowatt (‘kW’) Replacement Power (‘RP’) Hydropower allocation from Allied Frozen Storage, Inc. (‘Allied’), which operates a facility at 5000 North America Drive, West Seneca, NY to Tops Markets, LLC (‘Tops’), in connection with Allied’s leasing of this facility to Tops.

   2. Transfer of a 450 kW RP Hydropower allocation from Ashton Potter (USA) Ltd.’s (‘Ashton Potter’) facility in Cheektowaga, New York to its new facility in Williamsville, New York.

   3. Adjustment of employment commitments of Corning, Inc. (‘Corning’) which relate to three RNY Hydropower allocations used by Corning at three Corning facilities in order to reflect changes in Corning’s business operations.

   4. Transfer of three RNY Power allocations from HSBC USA, Inc., a holding company, to a subsidiary, HSBC Bank USA, National Association, formed by HSBC USA, Inc. to conduct the company’s business at three facilities at which the allocations are used.

   5. Adjustment of employment commitments of Indium Corporation (‘Indium’) relating to two RNY Hydropower allocations which Indium uses at two facilities in order to accommodate the relocation of employees due to changing business demands and manufacturing consolidations.

   6. Transfer of a 270 kW RNY Power allocation from Jasco Tools Inc. to Jasco Tools, LLC in order to address ownership and organizational changes.

   7. Transfer of a 320 kW RNY Power allocation from John Hassall, Inc. to John Hassall, LLC, a subsidiary of Novaria Group LLC, in order to address ownership and organizational changes.

   8. Adjustment of employment commitments of Kaleida Health relating to two RNY Hydropower allocations Kaleida Health uses at medical facilities in North Tonawanda and Buffalo in order to address changes in patient care needs and business operations.

   9. Transfer of a 350 kW RNY Power allocation from Lawrence Ripak Co., Inc. to Magellan Aerospace Processing, Long Island, Inc., in order to address the acquisition of Lawrence Ripak Co., Inc.

   The Economic Development Power Allocation Board (‘EDPAB’), at its July 25, 2016 meeting, approved the transfers of the RNY Power allocations and other recommended actions relating to RNY Power and RNY Hydropower allocations listed above.’

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* The three customers that seek adjustments to their job commitments were identified to the Board in the Recharge New York compliance matter that came before the Board for action on May 24, 2016. No compliance enforcement action was recommended for these customers given the affirmative requests of these customers for the adjustments for the reasons stated in this memorandum.
DISCUSSION

The following discussion provides the basis for the recommended actions for each of the nine Authority customers discussed in this memorandum.

1) Allied Frozen Storage, Inc.

Tops currently leases freezer warehouse space from Allied in Cheektowaga, New York and its operations at this facility are supported by a 300 kW RP Hydropower allocation that has a 50-job employment commitment associated with it. Tops has outgrown this facility due largely to the rapid expansion of its business operations.

Tops and Allied have identified Allied’s facility in West Seneca as suitable new space for Tops. A move to this larger facility would suit Allied’s needs as well because Allied has been unable to efficiently use this space as well as its 600 kW RP Hydropower allocation which Allied was awarded to be used at this facility to support its own operations. The parties are amenable to an arrangement whereby Allied would lease the West Seneca facility to Tops if Allied’s Hydropower allocation can be transferred to Tops to support Top’s operations at the West Seneca facility. Tops is willing to purchase the 600 kW RP Hydropower allocation on the terms and conditions that Allied agreed to, including Allied’s supplemental commitments. Tops would also relinquish its 300 kW RP Hydropower allocation associated with the Cheektowaga facility. Staff understands that each company would seek to transfer existing employees to active facilities in an effort to minimize job loss. Accordingly, the parties have requested that Allied’s 600 kW RP Hydropower allocation be transferred to Tops.

2) Ashton Potter (USA) Ltd.

Ashton Potter, a manufacturer of postal stamps and security labels used for anti-counterfeiting applications is moving from a facility in Cheektowaga to a larger, new facility in Williamsville where it will have more space to grow its business. The Williamsville facility is expected to be fully operational by the end of July. The company requests that its 450-kW RP Hydropower allocation, which it was awarded to support its operations at the Cheektowaga facility, be transferred to the Williamsville facility to continue to support its business operations at this facility. Ashton Potter would honor all of the existing terms and commitments associated with this allocation, including the 50-job employment commitment associated with this allocation.

3) Corning Inc.

Corning operates three facilities with RNY allocations in the Corning, NY area supported by RNY Hydropower allocations. Specifically, Corning purchases: (1) a 1,478 kW RNY Hydropower allocation for use at its Business Services facility (‘Business Services’) at 1 Riverfront Plaza, Corning, NY, with an associated employment commitment of 2,638 jobs; (2) a 3,545 kW RNY Hydropower allocation for use at its Sullivan Park campus facility (‘Sullivan Park’) in Painted Post, NY, with an associated employment commitment of 1,783 jobs; and (3) a 4,183 kW RNY Hydropower allocation for use at its Corning Environmental Technologies (‘CET’) facility located in Painted Post, NY, with an associated employment commitment of 1,600 jobs (collectively, the ‘Corning Facilities’).

Corning has stated that in striving to maximize its manufacturing and real estate assets, some employees who indirectly support manufacturing activities at CET are now located at one of the other two Corning Facilities. As a result, Corning is requesting to re-align its employment commitments between the three Corning Facilities as follows: (1) adding 165 employees to its job commitment at Business Services for a new commitment of 2,803 jobs; (2) adding 115 jobs to Sullivan Park’s job commitment for a new commitment of 1,898 jobs; and (3) reducing the job commitment for CET by 280 positions (i.e., the net additions to Business Services and Sullivan Park). The employment commitment adjustments would not result in a change in the total overall employment commitment for the Corning Facilities, and the power utilization and capital investment commitments would not change.
4) HSBC USA, Inc.

HSBC USA, Inc. is a banking and financial services firm. It purchases the following three RNY Power allocations to support operations at the facilities indicated: (1) 440 kW for Buffalo; (2) 356 kW for Depew; and (3) 800 kW for Manhattan. It requests that the three RNY Power allocations be transferred to a subsidiary, HSBC Bank USA, National Association, which was formed to represent the HSBC brand at these locations. HSBC Bank USA, National Association would honor all of the terms and commitments associated with the allocations.

5) Indium Corporation

Indium manufactures electronic assembly materials at several facilities in the Utica, NY area. Indium purchases a 60 kW RNY Hydropower allocation for use at its 1676 Lincoln Avenue facility (‘Lincoln Avenue Facility’), with an associated employment commitment of 46 jobs. It also purchases a 135 kW RNY Hydropower allocation for use at its 111 Business Park Drive facility (‘Business Park Facility’), with an associated employment commitment of 66 jobs.

Due to changing business demands and manufacturing consolidations, Indium has relocated employees from the Lincoln Avenue Facility to its Business Park Facility. The company is also continuing to invest in its facilities to expand capabilities with most of the growth at the Business Park Facility. As a result, the company is requesting to adjust its employment commitments between these facilities. In addition, it expects to also increase its total employment commitment by over 40%. Accordingly, Indium requests a reduction to the Lincoln Avenue Facility’s employment commitment by 6 jobs for a new commitment of 40 jobs, and an increase of 54 jobs to its employment commitment at the Business Park Facility to a new employment commitment of 120 jobs, for a net increase in the total overall job commitment between the two facilities of 48 jobs. The power utilization and capital investment commitments would not change for either facility.

6) Jasco Tools Inc.

Jasco Tools Inc. manufactures precision tools for the automotive, defense and aerospace industries. It receives a 270 kW RNY Power allocation to support operations at its Rochester, New York facility. Recently, the company was acquired by ARCH Global Precision Company (‘ARCH’) which changed the business organization’s structure of Jasco to an LLC, resulting in a new entity named Jasco Tools, LLC. ARCH and Jasco request that the 270 kW RNY Power allocation be transferred to Jasco Tools, LLC, which would continue to operate the Jasco business at the Rochester facility. Jasco Tools, LLC would take the transfer subject to existing terms and conditions, including supplemental commitments that were applicable to Jasco Tools, Inc. under its RNY Power agreement with the Authority.

7) John Hassall, Inc.

John Hassall, Inc., a customer with a 320 kW RNY Power allocation located in Westbury, New York, manufactures high technology specialty metal fasteners used in the aerospace, automotive, and medical industries. Recently, the company was acquired by Novaria Group, LLC, which changed the business organization structure of John Hassall to a limited liability company, John Hassall, LLC. Novaria and John Hassall request that the 320 kW RNY Power allocation be transferred to John Hassall, LLC which would continue to operate the John Hassall business at the Westbury facility. John Hassall, LLC would take the transfer subject to existing terms and conditions, including supplemental commitments, applicable to John Hassall, Inc. under its RNY Power agreement with the Authority.
8) Kaleida Health

Kaleida Health operates the DeGraff Memorial Hospital (‘DeGraff’), 445 Tremont Street, North Tonawanda and Buffalo General Medical Center (‘BGMH’), 100 High Street in Buffalo, New York. Kaleida Health purchases a 168 kW RNY Hydropower allocation for use at DeGraff which has an associated employment commitment of 450 jobs, and an 870 kW RNY Hydropower allocation for use at BGMH which has an associated employment commitment of 2,535 jobs.

Kaleida Health, which also operates the Women & Children’s Hospital of Buffalo and the Millard Fillmore Suburban Hospital in Williamsville, has stated that employment at each facility fluctuates based on patient volume. Additionally, due to recent changes in health care delivery, DeGraff, a small community hospital, has shifted its focus providing less of the traditional acute inpatient care to more lower-cost outpatient care. As a result, Kaleida Health is requesting to adjust its employment commitments between the DeGraff and Buffalo facilities by reducing the DeGraff employment commitment by 72 jobs for a new commitment of 378 jobs, and increasing the BGMH employment commitment by 72 for a new job commitment of 2,607 jobs. The power utilization and capital investment commitments would not change for either facility.

9) Lawrence Ripak Co., Inc.

Lawrence Ripak Co., Inc. (‘Ripak’), a company with a 350 kW RNY Power allocation, located in West Babylon, is engaged in surface treatments (painting, anodizing, plating, etc.) and non-destructive testing of parts (magnetic particle inspection, x-ray, ultrasonic testing, penetrant inspection, etc.) for the aerospace industry. In late 2015, Magellan Aerospace Processing, Long Island, Inc. acquired, substantially, all of the assets of the company. The parties have requested that the 350 kW RNY Power allocation be transferred to Magellan Aerospace Processing, Long Island, Inc. for its use at the West Babylon facility. Magellan Aerospace Processing, Long Island, Inc. will agree to honor all of the terms and commitments of Ripak under its RNY Power contract.

RECOMMENDATION

Staff recommends that the Trustees approve the transfers relating to the allocations of Allied Frozen Storage, Inc., Ashton Potter (USA) Ltd., HSBC USA, Inc., Jasco Tools Inc., John Hassall, Inc., and Lawrence Ripak Co., Inc. discussed above, subject to the following conditions: (1) there be no material reductions in the base employment levels or capital investment commitments due to the transfers as provided for above; and (2) the transfers are addressed in contract documents containing such terms and conditions determined by the Authority to be appropriate to effectuate each transfer.

Staff further recommends that the Trustees approve the adjustments to the employment commitments for Corning, Inc., Indium Corporation and Kaleida Health as discussed above, subject to the condition that they be addressed in contract documents containing such terms and conditions determined by the Authority to be appropriate to effectuate such adjustments.

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

The following resolution, as submitted by the President and Chief Executive Officer, was adopted with Chairman Koelmel being recused from the vote as it relates to Kaleida Health and Trustee Kress as it relates to Corning, Inc. and Jasco Tools, Inc.

RESOLVED, That the transfer of the 600 kilowatt (‘kW’) Replacement Power (‘RP’) Hydropower allocation awarded to Allied Frozen Storage, Inc. for use at its facility at 5000 North America Drive, West Seneca, New York, to Tops Markets LLC, for its use at the same facility, as
described in the foregoing report of the President Chief Executive Officer be, and hereby is, approved, subject to (i) such conditions as set forth in the foregoing report of the President Chief Executive Officer, and (ii) the terms of any contract documents prepared by the Authority to effectuate this resolution, and be it further

RESOLVED, That the transfer of the 450 kW RP Hydropower allocation awarded to Ashton Potter (USA) Ltd. for use at its facility in Cheektowaga, New York, to its facility in Williamsville, New York, as described in the foregoing report of the President and Chief Executive Officer be, and hereby is, approved subject to (i) such conditions as set forth in the foregoing report of the President Chief Executive Officer, and (ii) the terms of any contract documents prepared by the Authority to effectuate this resolution, and be it further

RESOLVED, That the adjustment of employment commitments relating to the 1,478 kW RNY Hydropower allocation, 3,545 kW RNY Hydropower allocation, and 4,183 kW RNY Hydropower allocation awarded to Corning, Inc., for use at its facilities at 1 Riverfront Plaza, Corning, Sullivan Park campus, and Corning Environmental Technologies facility, Painted Post, New York, as described in the foregoing report of the President and Chief Executive Officer be, and hereby is, approved subject to the terms of any contract documents prepared by the Authority to effectuate this resolution, and be it further

RESOLVED, That the transfer of the 440 kW RNY Power allocation, 356 kW RNY Power allocation, and 800 kW RNY Power allocation awarded to HSBC USA, Inc. for use at its facilities in Buffalo, Depew, and Manhattan, New York, respectively, to HSBC Bank USA, National Association for its use at the same facilities, as described in the foregoing report of the President and Chief Executive Officer be, and hereby is, approved subject to (i) such conditions as set forth in the foregoing report of the President Chief Executive Officer, and (ii) the terms of any contract documents prepared by the Authority to effectuate this resolution, and be it further

RESOLVED, That the adjustments of employment commitments relating to the two RNY Hydropower allocations awarded to Indium Corporation for its use at its facilities at 1676 Lincoln Avenue and 111 Business Park Drive, Utica, New York, as described in the foregoing report of the President and Chief Executive Officer be, and hereby is, approved subject to the terms of any contract documents prepared by the Authority to effectuate this resolution, and be it further
RESOLVED, That the transfer of the 270 kW RNY Power allocation awarded to Jasco Tools, Inc. for its use at its facility in Rochester, New York, to Jasco Tools, LLC for its use at the same facility, as described in the foregoing report of the President and Chief Executive Officer be, and hereby is, approved subject to (i) such conditions as set forth in the foregoing report of the President Chief Executive Officer, and (ii) the terms of any contract documents prepared by the Authority to effectuate this resolution, and be it further

RESOLVED, That the transfer of the 320 kW RNY Power allocation awarded to John Hassall, Inc. for its use at its facility in Westbury, New York, to John Hassall, LLC, as described in the foregoing report of the President and Chief Executive Officer be, and hereby is, approved subject to (i) such conditions as set forth in the foregoing report of the President Chief Executive Officer, and (ii) the terms of any contract documents prepared by the Authority to effectuate this resolution, and be it further

RESOLVED, That the adjustment of the employment commitments relating to 168 kW RNY Hydropower allocation and 870 kW RNY Hydropower allocation awarded to Kaleida Health for use at DeGraff Memorial Hospital in North Tonawanda and Buffalo General Medical Center in Buffalo, respectively, as described in the foregoing report of the President and Chief Executive Officer be, and hereby is, approved subject to the terms of any contract documents prepared by the Authority to effectuate this resolution, and be it further

RESOLVED, That the transfer of the 350 kW RNY Power allocation awarded to Lawrence Ripak Co., Inc. for its use at its facility in West Babylon, New York, to Magellan Aerospace Processing, Long Island, Inc., for its use at the same facility, as described in the foregoing report of the President and Chief Executive Officer be, and hereby is, approved subject to (i) such conditions as set forth in the foregoing report of the President Chief Executive Officer, and (ii) the terms of any contract documents prepared by the Authority to effectuate this resolution, and be it further

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

The President and Chief Executive Officer submitted the following report:

“SUMMARY

The Trustees are requested to authorize funding, not to exceed $3 million, for Transitional Electricity Discount (‘TED’) payments to 98 former Power of Jobs (‘PFJ’) and/or Energy Cost Savings Benefit (‘ECSB’) customers in accordance with the statutory authority provided to the Authority by Chapter 60 of the Laws of 2011, Part CC, §6 (‘Chapter 60’). The funds will be used to fund TED payments through June 30, 2016. The 98 businesses that would be eligible to receive TED payments were determined to be ‘Qualified Transitional Customers’ by the Economic Development Power Allocation Board (‘EDPAB’) at its June 25, 2012 meeting. The Board of Trustees approved these businesses for TED payments at its June 26, 2012 meeting.

BACKGROUND

Chapter 60 created the RNY Power program and provided for the expiration of the PFJ and ECSB programs. In addition, Chapter 60 provides that:

Notwithstanding any provision of title 1 of article 5 of the public authorities law or article 6 of the economic development law to the contrary, with respect to applicants who are in substantial compliance with all contractual commitments and receiving benefits under the power for jobs, energy cost savings benefit, economic development, high load factor or municipal distribution agency programs, but do not receive a recommendation from the New York state economic development power allocation board for a recharge New York power allocation pursuant to section 188-a of the economic development law, such board shall recommend that the power authority of the state of New York provide for a transitional electricity discount to such applicants. The power authority of the state of New York is authorized, as deemed feasible and advisable by the trustee, to provide such transitional electricity discounts as recommended by the New York state economic development power allocation board. The power authority of the state of New York shall identify and advise such board whether sufficient funds are available for the funding of such transitional electricity discounts through June 30, 2016. The amount of the transitional electricity discount for the period July 1, 2012 through June 30, 2014 shall be equivalent to 66 percent of the unit (per kilowatt-hour) value of the savings received by the applicant under the power for jobs or energy cost savings benefit programs during the 12 months ending on December 31, 2010. The amount of the transitional electricity discount for the period July 1, 2014 through June 30, 2016 shall be equivalent to 33 percent of the unit (per kilowatt-hour) value of the savings received by the applicant under the power for jobs or energy cost savings benefit programs during the 12 months ending on December 31, 2010.

DISCUSSION

The Trustees are requested to authorize an amount of money for the period from July 1, 2015 through June 30, 2016 (‘Year Four’), not to exceed $3 million (the ‘Authorized Amount’), that would be available to fund TED payments to Qualified Transitional Customers for Year Four of the program.

At its June 26, 2012 meeting, the Board of Trustees authorized the use of Authority funds in an amount not to exceed $9 million for TED payments to the Qualified Transitional Customers for the period through June 30, 2013 (‘Year One’), and approved TED payments for the Qualified Transitional Customers.

Staff returned to the Board at its February 26, 2015 meeting, and received authorization for the use of Authority funds in an amount not to exceed $8 million for TED payments to the Qualified Transitional Customers for the period through June 30, 2015 (‘Year Two’ and ‘Year Three’).
To date, 87 customers have been issued a TED, totaling $9.52 million. Eleven Qualified Transitional Customers have not yet received a TED payment for each of the first three years because they have not yet provided proper documentation to receive a TED.

TED payments will be subject to a certification on the date of such payment by the Authority’s Treasurer or Deputy Treasurer that the amount to be withdrawn is not then needed for any of the purposes specified in Section 503(1)(a)-(c) of the Authority’s General Resolution Authorizing Revenue Obligations, as amended and supplemented.

While the Trustees will not be asked to approve individual payment amounts on an annual basis, such information can be made available to the Trustees, if requested. Staff may need to return to the Trustees to address matters relating to the recommendations made herein, such as the Authorized Amount.

Staff has reviewed the effects of the TED payments of up to the Authorized Amount on the Authority’s projected financial position and reserve requirements. In addition, in accordance with the Trustees’ Policy Statement dated May 24, 2011, staff calculated the impact of these payments on the Authority’s debt service coverage ratio and determined that it would not fall below the 2.0 reference point level. Given the current financial condition of the Authority, its estimated future revenues, operating expenses, debt service and reserve requirements, staff is of the view that it will be feasible for the Authority to make the payments of up to $3 million at this time.

FISCAL INFORMATION

At this time, staff estimates that the total amount needed for Year Four for TED payments to Qualified Transitional Customers is not expected to exceed the Authorized Amount ($3 million). Payments would be made from the Operating Fund.

RECOMMENDATION

The Senior Vice President – Economic Development and Energy Efficiency recommends that the Trustees approve the Authorized Amount for Transitional Electricity Discount payments to businesses that are determined to be Qualified Transitional Customers.

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

The following resolution, as submitted by the President and Chief Executive Officer, was unanimously adopted.

WHEREAS, the Economic Development Power Allocation Board (“EDPAB”) has recommended that the Authority approve the Transitional Electricity Discount (“TED”) payments to the businesses identified at EDPAB’s June 25, 2012 meeting and approved by the Board of Trustees at its June 26, 2012 meeting (“Qualified Transitional Customers”);

RESOLVED, That the Trustees hereby authorize the use of up to $3 million (the “Authorized Amount”) to fund TED payments to Qualified Transitional Customers, as discussed in the foregoing report of the President and Chief Executive Officer; and be it further
RESOLVED, That it is hereby found that the foregoing amount may properly be withdrawn from the Operating Fund to fund such TED payments; and be it further

RESOLVED, That such monies may be withdrawn, pursuant to the foregoing resolution, upon the certification on the date of such withdrawal by the Treasurer or the Deputy Treasurer that the amount to be withdrawn is not then needed for any of the purposes specified in Section 503(1)(a)-(c) of the General Resolution Authorizing Revenue Obligations, as amended and supplemented; and be it further

RESOLVED, That the Senior Vice President – Economic Development and Energy Efficiency or his designee be, and hereby is, authorized to prepare and execute any and all documents necessary or desirable to effectuate the foregoing, subject to the approval of the form thereof by the Executive Vice President and General Counsel; and be it further

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

i. Procurement (Services) Contracts – Business Units and Facilities – Awards, Extensions and/or Additional Funding

The President and Chief Executive Officer submitted the following report:

“SUMMARY

The Trustees are requested to approve the award and funding of the multiyear procurement (services) contracts listed in Exhibit ‘4c i-A,’ as well as the continuation and/or funding of the procurement (services) contracts listed in Exhibit ‘4c i-B,’ in support of projects and programs for the Authority’s Business Units/Departments and Facilities. Detailed explanations of the recommended awards and extensions, including the nature of such services, the bases for the new awards if other than to the lowest-priced bidders and the intended duration of such contracts, or the reasons for extension and the projected expiration dates, are set forth in the discussion below.

BACKGROUND

Section 2879 of the Public Authorities Law and the Authority’s Guidelines for Procurement Contracts require the Trustees’ approval for procurement contracts involving services to be rendered for a period in excess of one year.

The Authority’s Expenditure Authorization Procedures (‘EAPs’) require the Trustees’ approval for the award of non-personal services, construction, equipment purchase or non-procurement contracts in excess of $3 million, as well as personal services contracts in excess of $1 million if low bidder, or $500,000 if sole-source, single-source or non-low bidder.

The Authority’s EAPs also require the Trustees’ approval when the cumulative change-order value of a personal services contract exceeds $500,000, or when the cumulative change-order value of a non-personal services, construction, equipment purchase, or non-procurement contract exceeds the greater of $1 million or 25% of the originally approved contract amount not to exceed $3 million.

DISCUSSION

Awards

The terms of these contracts will be more than one year; therefore, the Trustees’ approval is required. Except as noted, all of these contracts contain provisions allowing the Authority to terminate the services for the Authority’s convenience, without liability other than paying for acceptable services rendered to the effective date of termination. Approval is also requested for funding all contracts, which range in estimated value from $250,000 to $10 million. Except as noted, these contract awards do not obligate the Authority to a specific level of personnel resources or expenditures.

The issuance of multiyear contracts is recommended from both cost and efficiency standpoints. In many cases, reduced prices can be negotiated for these long-term contracts. Since these services are typically required on a continuous basis, it is more efficient to award long-term contracts than to rebid these services annually.

Extensions

Although the firms identified in Exhibit ‘4c i-B’ have provided effective services, the issues or projects requiring these services have not been resolved or completed and the need exists for continuing these contracts. The Trustees’ approval is required because the terms of these contracts will exceed one
year including the extension, the term of extension of these contracts will exceed one year and/or
because the cumulative change-order limits will exceed the levels authorized by the EAPs in forthcoming
change orders. The subject contracts contain provisions allowing the Authority to terminate the services
at the Authority’s convenience, without liability other than paying for acceptable services rendered to the
effective date of termination. These contract extensions do not obligate the Authority to a specific level of
personnel resources or expenditures.

Extension of the contracts identified in Exhibit ‘4c i-B’ is requested for one or more of the following
reasons: (1) additional time is required to complete the current contractual work scope or additional
services related to the original work scope; (2) to accommodate an Authority or external regulatory
agency schedule change that has delayed, reprioritized or otherwise suspended required services; (3) the
original consultant is uniquely qualified to perform services and/or continue its presence and rebidding
would not be practical or (4) the contractor provides a proprietary technology or specialized equipment, at
reasonable negotiated rates, that the Authority needs to continue until a permanent system is put in
place.

The following is a detailed summary of each recommended contract award and extension.

**Contract Awards in Support of Business Units/Departments and Facilities:**

**Corporate Affairs**

**Corporate Communications**

The contracts with Angela Woods, ArtConic, C2 Marketing LLC, Eileen Burtoff and
Thinkersdesign (Q16-6026MR; PO#s TBA) would provide for computer design and production services
to support the Authority’s Graphic Communications Group and corporate communications efforts in order
to convey the Authority’s mission and message through its internal and external communications.
Services may include, but are not limited to, computer design and production of graphic materials
including: annual reports, corporate collateral materials, marketing and promotional brochures,
newsletters, posters, advertising materials, presentations and exhibits, to be generated and produced on
Macintosh computers; website design and development in both the Macintosh and PC format; and design
and production of PowerPoint presentations and MS Word documents in the PC format and PREZI
presentations. Designers must be highly skilled and proficient in software, such as: InDesign, Adobe
Photoshop, Illustrator and PowerPoint, with knowledge of PREZI and web technologies highly desirable.
To that end, bid documents were developed by staff and were downloaded electronically from the
Authority’s Procurement website by 64 firms / entities, including those that may have responded to a
notice in the New York State *Contract Reporter*; one additional firm obtained the bid documents from an
alternate source. Bidders were requested to respond to not more than one of three service categories (A
– On-premises Graphic Design; B – On-premises Special Design; or C – Project-by-Project, On-premises
or Off-site, based on Project need). Ten proposals were received and evaluated, as further set forth in
the Award Recommendation documents. Of this number, nine bidders responded to Category C and one
bidder did not indicate a Category; therefore, the award of contracts for services in Categories A and B
was deferred and approval is not sought at this time. Based on a thorough review and assessment of
each bidder’s respective qualifications, experience and hourly rates, staff recommends the award of
contracts for Category C services to the five freelance computer graphic designers or design firms listed
above, which are the most qualified and reasonably priced bidders, meet the bid requirements and
possess the requisite high level, breadth and depth of experience and expertise, as well as the ability to
respond quickly and meet deadlines, thereby ensuring the Authority of adequate quality resources to
meet tight production schedules, as may be required. It should be noted that three of the recommended
freelance designers or design firms have provided satisfactory services under existing contracts for such
work. The new contracts would become effective on or about December 1, 2016, for an intended term of
up to two years, subject to the Trustees’ approval, which is hereby requested. Approval is also requested
for the aggregate total amount expected to be expended for the term of the contracts, $250,000. Such
contracts will be monitored for utilization levels, available approved funding and combined total
expenditures. It should be noted that ArtConic is a New York State-certified Minority-owned Business Enterprise (‘MBE’) and Thinkersdesign is a NYS-certified Woman-owned Business Enterprise (‘WBE’).

**Economic Development & Energy Efficiency**

**Energy Efficiency**

The Authority provides a variety of services to many of its customers to promote cost savings through energy efficiency, clean energy and improved system reliability projects, as part of the Energy Services Program (‘ESP’). Such projects have become more complex and costly, resulting in an increased need for engineering and other support including, but not limited to, technical, schedule and cost reviews of projects at various stages, in order to mitigate risk from project development through closeout and ensure contractor performance for the Authority and its customers. The most cost-effective way for the Authority to provide adequate staffing resources needed to support such project work and to ensure a low level of risk is to retain such services on an ‘as needed’ basis. Since the existing contracts are expiring and the need for such services is ongoing, staff developed a new Request for Quotations (Q16-6040AT). Bid documents were downloaded electronically from the Authority’s Procurement website by 95 firms/entities, including those that may have responded to a notice in the New York State Contract Reporter. Ten proposals were received and evaluated, as further set forth in the Award Recommendation documents. The proposals were first evaluated on technical qualifications based on weighted criteria set forth in the bid documents. The six highest-ranked firms were invited for interviews to further discuss their respective proposals. A commercial evaluation was also performed. Based on the foregoing, staff recommends award of contracts to four firms: Arcadis of New York, Inc. (‘Arcadis’), Hatch Associates Consultants, Inc. (‘Hatch’), Hill International, Inc. (‘Hill’) and Nautilus Consulting, LLC (‘Nautilus’) (PO#s TBA), the most technically qualified bidders with reasonable and competitive pricing, which meet the bid requirements. It should be noted that three of the recommended firms have provided satisfactory services under existing contracts for such work. These contracts would provide for technical risk management services including, but not limited to, the review of contract and technical bid documents, project schedule review and evaluation, project cost estimates and evaluation, change order review and management, construction performance evaluations, dispute mediation, and document management, as well as associated work to ensure a low level of risk for ESP projects. The award of contracts to four firms is recommended in order to ensure the availability of resources to accommodate the potential volume and/or scheduling of work that may be requested, as well as to address any potential conflict of interest or performance issues. The new contracts would become effective on or about September 1, 2016, for an intended term of up to five years, subject to the Trustees’ approval, which is hereby requested. Approval is also requested for the aggregate total amount expected to be expended for the term of the contracts, $10 million. Such contracts will be monitored for utilization levels, available approved funding and combined total expenditures. It should also be noted that all costs will be recovered by the Authority.

**Human Resources & Enterprise Shared Services (‘ESS’)**

**ESS – Corporate Support**

Due to the need to commence services, interim approval was obtained to award contracts to Bavier Design LLC (‘Bavier’) (4500273886) and Environetics Group Architects, PC (‘Environetics’) (4500273348), effective June 10, 2016, in the initial not-to-exceed award amount of $40,000 each, subject to the Trustees’ ratification and approval, in accordance with the Authority’s Guidelines for Procurement Contracts and EAPs. Such contracts provide for architectural and design/planning services for the Authority’s Clarence D. Rappleyea Building in White Plains, NY to support the Authority’s restacking efforts in order to improve operational efficiencies. Such services include, but are not limited to, programming and design development services, preparation of construction documents and construction administration services, as further set forth in the Schedule of Services. Bid documents (Q16-6038RM) were developed by staff and were downloaded electronically from the Authority’s Procurement website by 173 firms/entities, including those that may have responded to a notice in the
New York State Contract Reporter. Eight proposals were received and evaluated, as further set forth in the Award Recommendation documents. In addition to evaluating the bidders’ experience and other criteria, staff also calculated the cost of typical projects for partial and full floor renovation by applying estimated usage factors to each bidder’s rates. Based on the foregoing, staff recommends the award of contracts to two firms, Bavier and Environetics, the lowest evaluated price bidders, which are technically qualified, meet the bid requirements and have provided satisfactory services to the Authority under prior contracts for such work. The Trustees are hereby requested to ratify and approve award of the subject contracts for an intended term of up to five years, as well as the aggregate total amount expected to be expended for the term of the contracts, $600,000. Such contracts will be monitored for utilization levels, available approved funding and combined total expenditures.

Information Technology (‘IT’)

Due to the need to commence services, interim approval was obtained to award a contract to Innotas (4600003181), effective July 1, 2016, in the initial not-to-exceed award amount of $93,420, subject to the Trustees’ ratification and approval, in accordance with the Authority’s Guidelines for Procurement Contracts and EAPs. The contract provides for a cloud-based single enterprise Project Portfolio Management (‘PPM’) solution and related services for the centralized management of IT processes, methods and technologies to better analyze, schedule, monitor and manage its work activities, projects and resources in order to achieve its operational goals. To that end, bid documents (Q16-6003aRM) were developed by staff and were downloaded electronically from the Authority’s Procurement website by 136 firms / entities, including those that may have responded to a notice in the New York State Contract Reporter. Nine proposals were received and evaluated, as further set forth in the Award Recommendation documents. A Post-Bid Addendum requesting multiyear pricing was issued to the nine responding bidders. The initial evaluation determined that five bidders did not sufficiently demonstrate competence within the required scope of work and were not considered further. Each of the remaining four firms was invited for two rounds of meetings (the first for a general cloud-based demonstration and the second to address specific detailed questions regarding their PPM solution). Based on the foregoing, staff recommends the award of a contract to Innotas, the lowest-priced bidder, which is qualified to provide such services and meets the bid requirements. Staff concluded that the Innotas PPM contains all the functionality sought, while providing exceptional handling of workflows, work class differentiations, pipeline management, resource allocation and portfolio analysis. The Trustees are hereby requested to ratify and approve award of the subject contract for an intended term of up to five years, as well as the total amount expected to be expended for the term of the contract, $500,000.

Law

The contract with Abrams & Abrams LLP (‘Abrams’) (Q16-6028MR; PO# TBA) would provide for very specialized and highly technical legal services in connection with business immigration matters. Such services include, but are not limited to, preparation of temporary work permit filings, permanent residence applications, employment authorizations, labor certifications, ancillary applications for change of status, extensions of stay, travel permits, and additional applications for family members, as well as filing of all such documents with the U.S. Government, and other immigration matters, as may be required. Bid documents were developed by staff and were downloaded electronically from the Authority’s Procurement website by 43 firms / entities, including those that may have responded to a notice in the New York State Contract Reporter. Nine proposals were received and evaluated, as further set forth in the Award Recommendation documents. Based on the preliminary evaluation, three firms were invited for interviews and were evaluated in greater depth. Staff recommends the award of a contract to the Abrams firm, on a ‘best value’ basis that optimizes quality, cost and efficiency, among responsive and responsible bidders as set forth in the bid documents. The Abrams firm is qualified to provide such services, meets the bid requirements, has provided satisfactory services to the Authority under an existing contract for such work and offers a competitive pricing structure for its legal fees. The firm specializes solely in immigration law and has extensive experience in the procurement of all immigrant and nonimmigrant visas, statuses and U.S. Citizenship. The new contract would become effective on or about October 1, 2016, for an intended term of up to five years, subject to the Trustees’
approval, which is hereby requested. Approval is also requested for the total amount expected to be expended for the term of the contract, $500,000.

Utility Operations

Environment, Health & Safety (‘EH&S’) and SENY

The contracts with Miller Environmental Group, Inc. (‘Miller’), National Response Corp. (‘NRC’) and WRS Environmental Services (‘WRS’) (Q16-6027JR; PO#s TBA) would provide for general environmental services for the Authority’s power plants and facilities in the Southeast New York (‘SENY’) Region. Such services consist primarily of cleaning process equipment, such as tanks, oil/water separators, economizers, burners, etc. and may involve the handling of oil and/or chemicals used in operations; transporting and disposing of hazardous materials generated by such cleaning; and providing environmental and safety training to Authority staff, as may be required, in compliance with all applicable federal, state and local laws, regulations, license and permit requirements. Bid documents were developed by staff and were downloaded electronically from the Authority’s Procurement website by 94 firms / entities, including those that may have responded to a notice in the New York State Contract Reporter. Four proposals were received and evaluated, as further set forth in the Award Recommendation documents. All four bidders demonstrated an understanding and proper management of the environmental and safety requirements, as well as the ability to provide the requisite resources and response time; the highest-priced bidder (per the hourly rates and pricing for a typical scenario) was not considered further. Based on the foregoing, staff recommends the award of contracts to the three remaining firms, Miller, NRC and WRS, which are technically qualified to perform such services, meet the bid requirements and are competitively priced. Awarding contracts to three firms would allow the Authority greater flexibility and sufficient resources to accommodate any scheduling constraints and/or to handle simultaneous situations at multiple sites, and to obtain competitive proposals when circumstances allow. It should be noted that one of the recommended bidders has provided satisfactory services under an existing contract for such work. The new contracts would become effective on or about October 1, 2016, for an intended term of up to five years, subject to the Trustees’ approval, which is hereby requested. Approval is also requested for the aggregate total amount expected to be expended for the term of the contracts, $7.5 million. Such contracts will be monitored for utilization levels, available approved funding and combined total expenditures.

The contracts with National Insulation & GC Corp. (‘National’) and RFJ Insulation Contractor, Inc. (‘RFJ’) (Q16-6043JT; PO#s TBA) would provide for the repair or removal of existing insulation and installation of new insulation, as needed, at the Authority’s power plants in the SENY Region. Such services include furnishing all labor, supervision, tools, equipment and materials to perform the work. To that end, bid documents were developed by staff and were downloaded electronically from the Authority’s Procurement website by 29 firms / entities, including those that may have responded to a notice in the New York State Contract Reporter. Two proposals were received and evaluated, as further set forth in the Award Recommendation documents. Staff recommends the award of contracts to both bidders, National and RFJ, which are technically qualified to perform such services and meet the bid requirements. Awarding contracts to both firms would allow the Authority greater flexibility and sufficient resources to obtain competitive proposals based on both requisite expertise and the ability to accommodate any scheduling constraints, especially during plant outages. It should be noted that one of the bidders has provided satisfactory service under an existing contract for such work. The new contracts would become effective on or about August 1, 2016, for an intended term of up to five years, subject to the Trustees’ approval, which is hereby requested. Approval is also requested for the aggregate total amount expected to be expended for the term of the contracts, $500,000. Such contracts will be monitored for utilization levels, available approved funding and combined total expenditures.

The contract with Veolia ES Technical Solutions, LLC (‘Veolia’) (Q16-6032JR; PO# TBA) would provide for the recycling / disposal of batteries, light ballasts, lamps, mercury-containing material and other related waste streams generated by the Authority’s Energy Services Program projects at Customers’ facilities. Services include, but are not limited to, furnishing, or arranging for furnishing, all labor, supervision, material, equipment, laboratory facilities, transportation vehicles, fuel, tolls, highway
use taxes, insurance (including environmental liability), spill prevention control and countermeasure equipment and materials and federal, state and local permits, licenses and other approvals necessary to manage the waste from its point/s of generation within New York State to the point/s of ultimate disposition. Since the existing contract is expiring and the need for such services is ongoing, bid documents were developed by staff and were downloaded electronically from the Authority’s Procurement website by 39 firms / entities, including those that may have responded to a notice in the New York State Contract Reporter. Two proposals were received and evaluated, as further set forth in the Award Recommendation documents. One of the two bidders took exception to the federal regulation 40 CFR 761.3 and subsequently withdrew its proposal. The remaining proposal was evaluated in greater detail. Staff recommends the award of a contract to Veolia, which is qualified to provide such services, fully meets the bid requirements and has provided satisfactory services under an existing contract for such work. The new contract would become effective on or about October 1, 2016, for an intended term of up to five years, subject to the Trustees’ approval, which is hereby requested. Approval is also requested for the total amount expected to be expended for the term of the contract, $3 million. It should be noted that all costs will be recovered by the Authority.

Extensions and/or Additional Funding Requests:

Business Services

Controller’s Office

At their meeting of July 29, 2014, the Trustees approved the award of a competitively bid contract to KPMG LLP (‘KPMG’) (4500249908) to provide for independent accounting and auditing services, including but not limited to, annual audits of the Authority’s financial records for the years 2014 through 2018, as well as other audit and non-audit services, as may be required, in the amount of $2.5 million, for a term of up to five years through July 31, 2019. At their meeting of March 29, 2016, the Authority’s Audit Committee authorized staff to engage KPMG to perform advisory services relating to the transfer of The Canal Corp. to the Authority. An additional $500,000 was subsequently authorized in accordance with the Authority’s EAPs. Based on KPMG’s letter of engagement, staff estimates that total funding for this project will approximate $7,535,000, comprising $1,607,000 for due diligence services; $3,278,000 for integration services; and $2,650,000 for Information Technology project management support. (It should be noted that the $7,535,000 includes $1,125,000 of available funds in the existing contract and $6,410,000 of additional funding being requested.) Based on the foregoing, additional funding in the amount of $6,410,000 is now requested to provide support for this effort through the end of June 2017. The Trustees are therefore requested to approve the additional funding requested, thereby increasing the total compensation limit of the subject contract with KPMG from the current $3 million to $9,410,000 in order to perform advisory services relating to the transfer of The Canal Corp. to the Authority.

Corporate Affairs

Corporate Communications

The contract with Essense Partners dba Akasaka Enterprises (‘Essense’) (formerly Akasaka Enterprises dba The Energy Agency, Inc.) (4500265963) provides for the redesign of the Authority’s external website (NYPA.gov). The original award, which was competitively bid, became effective on November 20, 2015 for a term of up to one year, in the amount of $991,569. The work involved to fully rebrand and redesign NYPA.gov includes: user research, stakeholder interviews, metrics review, content audits, best practices/competitive landscape review, strategy, NYPA IT and Cyber Security requirements, state requirements, Americans with Disabilities Act compliance, translation, social and video integration, user experience and design concepts, rebranding, information architecture, site map, wireframes, page layouts, interface, design and UX tests, content creation, fully responsive site design and approvals, content management system recommendation/selection/development, site build/implementation, migration, environments, pre go-live testing, launch and post-launch functionality/design/bug resolution. The new website is on track to go live and launch in a timely manner, currently projected for November.
An eight-week period of initial post-go-live support, which begins at launch, as well as a six-month post-launch period for design/development services, are vital components of the overall project and will require additional time beyond the current contract term. An eight-month extension of the existing contract is therefore requested. (It should be noted that comprehensive, multiyear support/maintenance services for the new NYPA.gov website will be provided under a separate contract.) The current contract amount is $991,569; staff anticipates that no additional funding will be required for the extended term, since these services were included in the original scope of work. The Trustees are requested to approve extension of the subject contract through July 19, 2017, with no additional funding requested. It should be noted that Essense is a NYS-certified MBE and WBE.

**Economic Development & Energy Efficiency**

**Energy Efficiency**

The contract with Peter J. Catanzaro Inc. (‘Catanzaro’) (4500257212) provides for the installation of high-efficiency lighting at the Metropolitan Transportation Authority’s Manhattanville Bus Depot facility in New York City, as part of the implementation of the LED lighting upgrade project and in support of Governor Cuomo’s Executive Order No. 88 (which requires State agencies, authorities and departments to improve their energy efficiency by 20% by 2020). The original award, which was competitively bid, became effective on April 8, 2015 for a term of up to one year, in the amount of $263,282. An additional $27,287 was subsequently authorized in accordance with the Authority’s EAPs for additional work scope requested by the Customer (installation of new EMT conduit for the lighting control system). Interim approval of a six-month extension was obtained in accordance with the Authority’s Guidelines for Procurement Contracts and EAPs, subject to the Trustees’ ratification and approval, in order to allow work to continue without delays and sufficient time for Catanzaro to complete the scope of work. The current contract amount is $290,569; staff anticipates that no additional funding will be required for the extended term. The Trustees are requested to ratify and approve extension of the subject contract through September 30, 2016, with no additional funding requested.

**Human Resources & Enterprise Shared Services**

**HR - Benefits**

The contract with Convey Compliance Systems LLC (A Sovos Compliance Company) (‘CCS’) (4500265375) provides for tax reporting services in connection with the Affordable Care Act (‘ACA’) requirements. The original award, which was issued on a single-source basis, became effective on October 21, 2015 for a term of less than one year, in the amount of $28,485. The contract term was subsequently extended to one year, in accordance with the Authority’s Guidelines for Procurement Contracts and EAPs, in order to continue the required ACA tax reporting services. The firm has assisted the Authority in satisfying its ACA reporting obligations to the Internal Revenue Service (‘IRS’) for calendar year 2015, including the timely delivery of 1095-C forms to Authority employees and retirees, as well as a recent file transmittal to the IRS. CCS has also kept abreast of all federal and state regulatory changes and updated the ACA Taxport program as necessary, incorporating frequent IRS changes. A five-month extension through March 31, 2017 is now requested in order to allow the Authority to maintain continuity of its ACA tax reporting requirements. The current contract amount is $28,485; staff anticipates that an additional $35,000 will be required for the extended term. The Trustees are requested to approve extension of the subject contract through March 31, 2017, as well as the additional funding requested.

**Technology & Innovation**

**Strategic Operations**

The contract with Siemens Industry Inc. (‘Siemens’) (4500262985) provides for Continuous Protection System Monitoring (‘CPSM’), as part of the Smart Generation & Transmission strategic initiative. The original award, which was competitively bid, became effective on August 31, 2015 for a
one-year term, in the amount of $671,475, to provide a fully functional pilot system for each of the Small Clean Power Plant ('SCPP') sites (except Brentwood) as well as an engineering solution for each typical protection scheme at the Authority, inclusive of the general design for the communications system required. Additional funding in the cumulative amount of $170,087 was subsequently authorized in accordance with the Authority’s EAPs. A one-year extension is now requested to expand the CPSM to the 500MW Facility and the SCPP at Brentwood and to allow sufficient time to complete the original and expanded scope of work. Siemens will provide the detailed engineering package, hardware, software and onsite technical support during installation (to be performed by a separate contractor and requiring the entire facility to be out of service, therefore such work must be aligned with planned outage periods). The current contract amount is $841,562; staff anticipates that no additional funding will be required for the extended term. The Trustees are requested to approve extension of the subject contract through August 30, 2017, with no additional funding requested.

Utility Operations

Project Management and B-G

At their meeting of October 15, 2014, the Trustees approved the award of a competitively bid contract to General Electric International, Inc. ('GEII') (4600002857) to provide for the repair of the main generator rotors at the Blenheim-Gilboa Power Project, for a term of approximately three years, in the amount of $10.3 million. Additional funding in the cumulative total amount of $2,016,773 was subsequently authorized in accordance with the Authority’s Procurement Guidelines and EAPs. As a result of lessons learned from the repair of B-G Unit 3, a decision was made to replace all rotor rim support ledges on the remaining Units, in lieu of repairing them, which is an extra cost to the contract. The current Target Value of the contract is $12,316,773; staff anticipates that additional funding in the amount of $1.5 million will be required to complete the remaining extra main rotor repairs (including ledge replacement, Non-Destructive Examination of dovetails of the pole keys and rim keys, and brake plates stress relief). The Trustees are requested to approve the additional funding requested, thereby increasing the approved total contract amount to $13,816,773.

Information Technology

At their meeting of July 30, 2015, the Trustees approved the award of competitively bid contracts to 15 firms, as listed on Exhibit ‘4c i-B’, resulting from Request for Quotations Q15-5806CP, to provide for IT temporary staffing services to support various Authority initiatives, infrastructure and applications, for a term of up to three years, in the aggregate total amount of $9 million. Such services and the originally approved funding have been and continue to be utilized at an accelerated rate for the following areas: Application Development (Ariba, Mobile Center for Excellence, Critical Infrastructure Management System (‘CIMS’), Access Information Management System (‘AIMS’)); Use by Other Departments and for Strategic Initiatives; Infrastructure (network and LAN administration support, Help Desk support, hardware/software specialists); Application Support (MAXIMO, SharePoint); IT Project Management (implementation of new IT projects); Governance (including Document Warehouse); and Cyber Security initiatives. An additional $2.25 million was authorized in accordance with the Authority’s EAPs to provide continued support for projects including, but not limited to: IT assessment of The Canal Corp. transfer, cyber security, infrastructure, customer service and IT projects such as Smart Grid, CIMS, AIMS and Ariba implementation. The current aggregate Target Value is $11.25 million; IT staff has concluded that the accelerated rate of services and funding utilization is expected to continue for the following reasons: better alignment with the Business Units and Strategic Initiatives; increased Cyber Initiatives; a changing operating environment; Canal Corp. transfer; Ariba implementation; and continued utilization by other departments. Therefore, staff projects that additional funding in the aggregate amount of $8.75 million will be required for the previously approved contract term. The Trustees are requested to approve the additional funding requested, thereby increasing the approved aggregate total to $20 million. Such contracts will be monitored for utilization levels, available approved funding and combined total expenditures. It should be noted that seven of these firms are NYS-certified MWBEs.
FISCAL INFORMATION

Funds required to support contract services for various Business Units/Departments and Facilities have been included in the 2016 Approved Operations Budget. Funds for subsequent years, where applicable, will be included in the budget submittals for those years. Payment will be made from the Operating Fund.

Funds required to support contract services for capital projects have been included as part of the approved capital expenditures for those projects and will be disbursed from the Capital Fund in accordance with the project’s Capital Expenditure Authorization Request, as applicable.

RECOMMENDATION

The Senior Vice President – Operations Support Services and Chief Engineer, the Senior Vice President – Economic Development & Energy Efficiency, the Senior Vice President – Human Resources and Enterprise Shared Services, the Senior Vice President – Technology and Innovation, the Senior Vice President and Chief Information Officer, the Vice President & Controller, the Assistant General Counsel – HR and Labor Relations, the Vice President – Environment, Health & Safety, the Vice President – Project Management, the Vice President – Procurement, the Vice President – Engineering, the Vice President – Corporate Communications, the Regional Manager – Western New York, the Regional Manager – Northern New York, the Regional Manager – Central New York and the Regional Manager – Southeastern New York recommend that the Trustees approve the award of multiyear procurement (services) contracts to the companies listed in Exhibit ‘4c i-A’ and the extension and/or funding of the procurement (services) contracts listed in Exhibit ‘4c i-B,’ for the purposes and in the amounts discussed within the item and/or listed in the respective exhibits.

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

The following resolution, as submitted by the President and Chief Executive Officer, was unanimously adopted.

RESOLVED, That pursuant to the Guidelines for Procurement Contracts adopted by the Authority, the award and funding of the multiyear procurement services contracts set forth in Exhibit “4c i-A,” attached hereto, are hereby approved for the period of time indicated, in the amounts and for the purposes listed therein, as recommended in the foregoing report of the President and Chief Executive Officer; and be it further

RESOLVED, That pursuant to the Guidelines for Procurement Contracts adopted by the Authority, the contracts listed in Exhibit “4c i-B,” attached hereto, are hereby approved and extended for the period of time indicated, in the amounts and for the purposes listed therein, as recommended in the foregoing report of the President and Chief Executive Officer; and be it further

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

“SUMMARY

The Trustees are requested to approve the award of a five-year contract for the On-Call Engineering Services Transmission and Substation Assets in the aggregate not-to-exceed amount of $25 million to the five most technically qualified firms: AECOM USA, Inc. of New York, NY (‘AECOM’); Burns & McDonnell Consultants, Inc. of Wallingford, CT (‘B&McD’); CAI Services, P.C. of Jackson, MI (‘CAI’); SNC-Lavalin of Rochester, NY (‘SNC’); and TRC Engineers, Inc. of Liverpool, NY (‘TRC’).

BACKGROUND

Section 2879 of the Public Authorities Law and the Authority’s Guidelines for Procurement Contracts require the Trustees’ approval for procurement contracts involving services to be rendered for a period in excess of one year.

The Authority’s Expenditure Authorization Procedures (‘EAPs’) require the Trustees’ approval for the award of personal services contracts in excess of $1 million and procurement contracts involving services to be rendered for a period in excess of one year.

With the growing number of infrastructure modernization projects, the Authority has a need to retain engineering firms to support Transmission projects. The following are examples of projects currently identified, both in the near and medium term.

Near-Term Projects:

• Western New York Energy Link – a new 345 kV transmission circuit to reduce chronic system congestion that inhibits the most efficient generation resources from meeting inter-zonal needs. This project represents New York State Electric and Gas Corporation (‘NYSEG’) and the Authority’s recommended solution to the New York Independent System Operator’s (‘NYISO’) Public Policy Transmission Need.

• Western New York Phase Angle Regulator – install a 3-phase 230 kV, 450 MVA phase angle regulator at on Line 69 (or 68, TBD) at National Grid’s South Ripley Substation in Western New York. Power flows from PJM in Western New York have historically caused considerable congestion, driving high real-time pricing in the region.

Mid-Term Projects:

• Northern New York Transmission – The NYISO, Hydro-Quebec (‘HQ’) and NYPA have identified issues with the Northern NY Transmission system and its ability to support the attainment of the Clean Energy Standard. The northern New York region comprises of a large amount of generation resources, including the St. Lawrence project, numerous wind projects and the imports from HQ. This generation supplies local load and the excess is transmitted south to Marcy. Currently, the path south to Marcy is constrained and not all of the generation can be delivered. It is expected that the NYISO will solicit for project solutions in 2017.

Based on the planned portfolio of projects sought to be designed, a $25 million authorization for a five-year term is being requested.
DISCUSSION


The scope-of-work focuses on identifying vendor experience surrounding transmission and substation design in conjunction with the public licensing of such facilities (i.e. Article XII and X experience). Individual tasks will be assigned by issuance of a Purchase Order Release ('POR') against the established Master Service Agreement ('MSA').

The RFP emphasized the following evaluation criteria:

1. Quantify of Energy Based Staff
2. Ability to meet MWBE Requirements
3. Exceptions and Deviations
4. Article VII/X Experience
5. Voltage Class Experience
6. Engineering Disciplines
7. Substations Design
8. Transmission Design Experience

The five (5) firms selected for award recommendation have the requisite experience in the power and utility industries; successful track records implementing projects of various dollar value, duration and complexity; experience working with City, State or Government agencies; and current or past successful track record working with the Authority.

FISCAL INFORMATION

Services under these contracts will be provided on an as-needed basis and/or availability, using the hourly rates. Payments associated with this project will be made from the Authority’s Capital or Operations Fund, as appropriate.

RECOMMENDATION

The Senior Vice President – Technology and Innovation, the Senior Vice President – Transmission, the Senior Vice President – Information Technology, the Vice President – Project Management, the Vice President – Engineering, the Vice President – Procurement, and the Director – Strategic Operations recommend that the Trustees approve awards of five-year contracts for the On-Call Engineering Services Transmission and Substation Assets in the aggregate not-to-exceed amount of $25 million to AECOM USA, Inc., Burns & McDonnell Consultants, Inc., CAI Services, P.C., SNC-Lavalin and TRC Engineers, Inc.

For the reasons stated, I recommend the approval of the above-requested action by adoption of the resolution below.”
RESOLVED, That pursuant to the Guidelines for Procurement Contracts adopted by the Authority and the Authority’s Expenditure Authorization Procedures approval is hereby granted to award a five-year Contract for the aggregate total of $25 million to AECOM USA, Inc. of New York, NY (“AECOM”), Burns & McDonnell Consultants, Inc. of Wallingford, CT (“B&McD”), CAI Services, P.C. of Jackson, MI (“CAI”), SNC-Lavalin of Rochester, NY (“SNC”) and TRC Engineers, Inc. of Liverpool, NY (“TRC”) as recommended in the foregoing report of the President and Chief Executive Officer;

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<tr>
<th>Contractor</th>
<th>Approval</th>
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<tr>
<td>AECOM USA, Inc., New York, NY</td>
<td>$25 million</td>
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<tr>
<td>Burns &amp; McDonnell Consultants, Inc., Wallingford, CT</td>
<td>aggregate</td>
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<tr>
<td>CAI Services, P.C., Jackson, MI</td>
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</tr>
<tr>
<td>SNC-Lavalin, Rochester, NY</td>
<td></td>
</tr>
<tr>
<td>TRC Engineers, Inc., Liverpool, NY</td>
<td></td>
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</table>

(RFQ Q15-6010MH)

AND BE IT FURTHER RESOLVED, That the Chairman, the Vice Chairman, the President and Chief Executive Officer, the Chief Operating Officer and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things and 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.
iii. **Procurement (Services) Contract – New York City Department of Environmental Protection – Grahamsville Small Hydropower Plant – Contract Extension and Additional Funding**

The President and Chief Executive Officer submitted the following report:

“**SUMMARY**

The Trustees are requested to approve an 18-month contract extension from July 1, 2016 through December 31, 2017 and additional funding in the amount of $2,991,158.00, for a total contract amount of $24,911,115, to provide for the continuation of Operations and Maintenance Services for the New York City Department of Environmental Protection’s (‘NYC DEP’) Grahamsville Small Hydropower Plants.

Interim approval for the month of July 2016 was granted by the Chief Operating Officer for the maintenance of uninterrupted services.

**BACKGROUND**

Section 2879 of the Public Authorities Law and the Authority’s Guidelines for Procurement Contracts require the Trustees’ approval for non-personal services contracts in excess of $3 million and contracts involving services to be rendered for a period in excess of one year.

At their meeting of September 26, 2006, the Trustees approved the award of a contract to NAES Corp. (formerly North American Energy Services) (4500133069) to provide for the operation and maintenance (‘O&M’) of the NYC DEP East Delaware and Neversink hydroelectric facilities (‘Facilities’). The original award, which was competitively bid, became effective on November 29, 2006 for an initial term of 19 months, with an option to extend for two additional years. (There are provisions in the contract to extend the contract term for additional periods of time to a maximum of nine additional years; requests to exercise any such further renewal options and approval of additional funding beyond the current levels will be presented to the Trustees for review and approval, as needed.)

Several incremental additional funding increases, as well as contract term extensions, were subsequently authorized by the Trustees, most recently at their meeting of May 22, 2014, when the approved compensation limit was increased to $21,919,957.

**DISCUSSION**

At the request of the NYC DEP, and since the need for such services is ongoing and the contract provides the aforementioned option for additional extension(s), an eighteen-month extension is now requested to provide for the continuation of such services through the expiration of the Operating Agreement between the Authority and NYC DEP.

The current contract amount is $21,919,957; staff projects that an additional $2,991,158 for both plants will be required for the extended term ($2,156,158 for O&M services and $835,000 to support new and/or ongoing capital projects that have been identified and agreed to by the NYC DEP for the extended term).

The Trustees are requested to approve extension of the subject contract through December 31, 2017, as well as the additional funding requested, thereby increasing the approved contract value to $2,991,158.
FISCAL INFORMATION

All contract renewals between the Authority and NAES are subject to the Operating Agreement between the Authority and NYC DEP. The City of New York, acting through NYC DEP, will reimburse the Authority for all direct and administrative costs.

RECOMMENDATION

The Executive Vice President and Chief Operating Officer - Utility Operations and the Regional Manager - Central New York recommend that the Trustees approve the 18-month contract extension from July 1, 2016 through December 31, 2017 and additional funding in the amount of $2,991,158.00 for a total contract amount of $24,911,115 for the continuation of Operations and Maintenance Services at the Grahamsville Small Hydropower Plants.

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

The following resolution, as submitted by the President and Chief Executive Officer, was unanimously adopted.

RESOLVED, That pursuant to the Guidelines for Procurement Contracts adopted by the Authority and the Authority’s Expenditure Authorization Procedures, approval is hereby granted to approve an eighteen-month contract extension from July 1, 2016 through December 31, 2017 and additional funding in the amount of $2,991,158.00 for a total contract amount of $24,911,115 for the NAES Agreement to provide for the continuation of Operations and Maintenance Services for the New York City Department of Environmental Protection’s Grahamsville Small Hydropower Plants;

<table>
<thead>
<tr>
<th>CONTRACTOR</th>
<th>ADDITIONAL FUNDING</th>
<th>REVISED CONTRACT AMOUNT</th>
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<tbody>
<tr>
<td>NAES Corp.</td>
<td>$2,991,158.00</td>
<td>$24,911,115.00</td>
</tr>
</tbody>
</table>

AND BE IT FURTHER RESOLVED, That the Chairman, the Vice Chairman, the President and Chief Executive Officer, the Chief Operating Office and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things, take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.
iv. Procurement (Services) Contracts –
Niagara Power Project – On-call Crane Rental Services – Contract Awards

The President and Chief Executive Officer submitted the following report:

“SUMMARY

The Trustees are requested to approve the award and funding of multi-year services contracts to Clark Rigging & Rental Corporation, of Lockport, NY and Hohl Industrial Services, Inc., of Tonawanda, NY. The awards are for a term of up to five years and in an aggregate amount of $750,000 and are for on-call crane rental services to the Authority’s Operations Support Services (‘OPS’) Group at the Niagara Power Project on an ‘as needed’ basis. Having multiple firms allows the Authority flexibility in the ultimate selection of a contractor depending on the Authority’s needs for heavy lifting and also in cases of emergencies.

BACKGROUND

Section 2879 of the Public Authorities Law and the Authority’s Guidelines for Procurement Contracts require the Trustees’ approval for procurement contracts involving services to be rendered for a period in excess of one year.

The Authority’s Expenditure Authorization Procedures (‘EAPs’) require the Trustees’ approval for the award of personal services contracts in excess of $1 million if low bidder, or $500,000 if sole-source or non-low bidder.

DISCUSSION

The Niagara Power Project requires on-call crane rental services on an ‘as needed’ basis to support regular and emergency plant operations. Having multiple firms allows the Authority the flexibility in selecting a contractor depending on the Authority’s requirements. The contracts will allow the Authority, in its sole discretion, to terminate services without liability other than paying for acceptable services rendered to the effective termination date.

The issuance of up to five-year contracts is necessitated by both cost and efficiency considerations. Since an assigned matter may extend longer than a year and require consistency in service, it is more efficient to award long-term contracts than to rebid annually.

The Authority issued an advertisement for Request for Proposals (‘RFP’), Q16-6030FS, in the New York State Contract Reporter seeking contractors to assist the Authority’s Operations Support Services (‘OPS’) Group with meeting the needs for emergency crane services to maintain critical services necessary in daily and emergency power generation activities; bid packages were available on February 18, 2016. Services include, but are not limited to, furnishing mobile cranes of varying types and capacities along with qualified operators, preparing rigging and lifting plans, and providing rigging services that are in compliance with OSHA labor and safety regulations.

Proposals were received to provide services as described in the RFP. The proposals were evaluated on responsiveness to the request for proposal; specifically cited related work experience; proposed project team experience and expertise; familiarity with hydropower operations and safety practices applicable to NYPA and hourly rates.
As a result of the review of the proposals, the recommendation is that contracts be entered into with the following firms for professional services on an ‘as needed’ basis:

1. Hohl Industrial Services, Inc.
2. Clark Rigging & Rental Corp.

Neither contractor took exception to any of the contract terms and conditions.

An aggregate amount of $750,000 is requested for the professional services contracts. Accordingly, these contracts do not obligate the Authority to a specific level of services or expenditures.

If approved by the Trustees, the new contracts would become effective on or about August 1, 2016 for a term of up to five years.

**FISCAL INFORMATION**

Funds required to support contract services are included in the 2016 approved O&M Budget. Funds for subsequent years, where applicable, will be included in the budget submittals for those years, as tasks are assigned. Payment will be made from the Operating Fund.

**RECOMMENDATION**

The Vice President – Project Management and the Vice President – Procurement recommend the Trustees’ approval of the award of procurement contracts for a term of up to five years, in an aggregate amount of $750,000, to Hohl Industrial Services, Inc., and Clark Rigging & Rental Corporation, respectively, to provide on-call crane rental services to the Authority’s Operations Support Services (‘OPS’) Group at the Niagara Power Project.

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

The following resolution, as submitted by the President and Chief Executive Officer, was unanimously adopted.

**RESOLVED, That pursuant to the Guidelines for Procurement Contracts adopted by the Authority and the Authority’s Expenditure Authorization Procedures, approval is hereby granted to award contracts to Hohl Industrial Services, Inc., of Tonawanda, NY and Clark Rigging & Rental Corporation., of Lockport, NY, respectively, for a term of up to five years, in the aggregate amount of $750,000, to provide on-call crane rental and operating services at the Niagara Power Project facilities, as recommended in the foregoing report of the President and Chief Executive Officer;**

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<tr>
<th>Contractor</th>
<th>Contract Approval</th>
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<tbody>
<tr>
<td>Hohl Industrial Services, Inc.</td>
<td>$375,000</td>
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<tr>
<td>Clark Rigging &amp; Rental Corp. (Q16-6030FS)</td>
<td>$750,000 (aggregate)</td>
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</table>
AND BE IT FURTHER RESOLVED, That the Chairman, the Vice Chairman, the President and Chief Executive Officer, the Chief Operating Officer and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things, take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.
The President and Chief Executive Officer submitted the following report:

“SUMMARY

The Trustees are requested to approve the award of a five-year contract to Walker Parking Consultants (‘Walker’) of New York, NY in the amount of $746,839.00 to perform The New Centroplex Garage Project (the ‘Project’) at the White Plains Office (the ‘Facility’). These services will be part of a Capital Expenditure Authorization Request (‘CEAR’) expected to be presented in late 2017 when construction bids are received. The total Project is estimated at approximately $8 million.

BACKGROUND

Section 2879 of the Public Authorities Law and the Authority’s Guidelines for Procurement Contracts require the Trustees’ approval for procurement contracts involving services to be rendered for a period in excess of one year.

The Authority’s Expenditure Authorization Procedures (‘EAP’) requires the Trustees’ approval for an award of personal services contracts in excess of $1 million.

The President and Chief Executive Officer, in accordance with the Authority’s Expenditure Authorization Procedures, approved preliminary funding in the amount of $366,766 in 2016 to begin engineering for the project. Authorization of the balance for this contract services will be sought as preliminary funding in 2017, followed by presentation of the overall CEAR and award of the construction contract(s) in 2017.

DISCUSSION

The Facility has been undergoing annual repairs since 2011 under contracted work which included Phases 1 through 3 for waterproofing, plank repair and beam repairs. Due to increasing repairs, scope and annual expenditures of over $1M, an assessment was performed in 2014 to identify the root cause of deterioration. As a result of the assessment, Capital Improvements and a five-year rehabilitation program were approved by the Executive Management Committee (‘EMC’) in March of 2015. The work under this Contract award request is for design services of a new roof over the existing structure, rehabilitation of existing structure deficiencies and an addition of 120 spaces, as approved by the EMC. Design and construction is expected to be completed by 2021.

EVALUATION

In response to the Authority’s Request for Proposal (Q16-6042HM) advertised in the New York State Contract Reporter on March 24, 2016, one hundred and twenty-four (124) firms downloaded the bid document. On April 20, 2016, eight (8) proposals were received. Following clarifications with the bidders, the final bids are listed below:
The four lowest-cost proposers were interviewed on June 1, 2016 to review the approach to work, project logistics, cost and schedule and any clarifications for the four bidders.

During the interview, Ray could not demonstrate a good understanding of the sequential steps required for planning and permitting this project and it was apparent that they had insufficient experienced resources for a successful project delivery. As such, Ray was not further considered. GPI’s proposal was overly focused on garage rehabilitation and the proposed project team has limited experience in design of garages. Walker has a good understanding of the project and a full multi-discipline team of specialists for cost engineering, structural engineering, design packages and permitting. Walker, as well as their sub-consultant, presented over a dozen new and modernized garage projects including facilities located in White Plains and Westchester County. From the interview and presentations it was apparent that Walker had the most relevant experience and capability of performing this project. RCL was not further considered based on higher pricing and comparable qualifications.

Based on the interview as it relates to the cost proposal, approach to work and relevant experience, the Evaluation Committee deemed Walker as the most responsive and technically acceptable bidder. Walker has been in business for over 50 years and submitted a proposed MWBE plan exceeding the Authority’s 30% goal. Walker meets all the requirements of the bidding documents.

The Evaluation Committee recommends awarding a five-year contract to Walker, the most technically qualified and experienced bidder for the reasons stated above. Walker’s bid is consistent with the fair cost estimate and they have taken no commercial exceptions.

FISCAL INFORMATION

Payments associated with this project will be made from the Authority’s Capital Fund budgeted for 2016 through 2021.

RECOMMENDATION

The Senior Vice President and Chief Engineer – Operations Support Services, the Vice President – Project Management, the Vice President – Engineering, the Vice President – Procurement, and the Facilities Manager – White Plains Office recommend that the Trustees approve the award of a five-year
contract to Walker Parking Consultants of New York, NY in the amount of $746,839.00 for the White Plains Office New Centroplex Garage Project.

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

RESOLVED, That pursuant to the Guidelines for Procurement Contracts adopted by the Authority and the Authority’s Expenditure Authorization Procedures, approval is hereby granted to award a 5-year contract to Walker Parking Consultants of New York, NY in the amount of $746,839.00 for the White Plains Office New Centroplex Garage Project, as recommended in the foregoing report of the President and Chief Executive Officer;

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<tr>
<td>Walker Parking Consultants</td>
<td>5 Years</td>
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<tr>
<td>New York, NY</td>
<td>$746,839.00</td>
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(Q16-6042HM)

AND BE IT FURTHER RESOLVED, That the Chairman, the Vice Chairman the President and Chief Executive Officer, the Chief Operating Officer and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things and 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.

The President and Chief Executive Officer submitted the following report:

“SUMMARY

The Trustees are requested to approve the award of a competitively bid five-year contract to General Electric International, Inc. (‘GEII’) of Marietta, GA, in the amount of $7.5 million, to provide services in support of the Southeast New York (‘SENY’) 500 MW Power Plant’s equipment. GEII will provide the materials and labor for technical support and maintenance services for the 500 MW Power Plant’s GE equipment.

BACKGROUND

Section 2879 of the Public Authorities Law and the Authority’s Guidelines for Procurement Contracts require the Trustees’ approval for procurement contracts involving services to be rendered for a period in excess of one year. Also, in accordance with the Authority’s Expenditure Authorization Procedures, the award of construction contracts exceeding $3 million require the Trustees’ approval.

The 500 MW Power Plant’s Operations and Maintenance Department requires Technical Support and Maintenance Services (‘Services’) to support its operation on an ‘as-needed’ basis. The Services will include technical support for troubleshooting and repairs to the Mark-VI Control System, the Combustion Turbine and the Steam Turbine mechanical and electrical components and associated auxiliary equipment. The Services will also include GE parts and GEII Field Engineering expertise.

The term of the new agreement will be five years starting August 1, 2016 through July 31, 2021. GEII has a wide range of technical capabilities and the contract will allow NYPA access to GE’s proprietary information, parts and labor.

DISCUSSION

In response to the Authority’s Request for Proposal (‘RFP’) (Q15-59500HM) advertised in the New York State Contract Reporter on August 20, 2015, on Wednesday, October 14, 2015, two proposals were received to provide technical support and maintenance services to the SENY – 500 MW Power Plant.

The proposals were reviewed by an Evaluation Committee consisting of staff members from Poletti Operations – Plant Manager, Procurement, Poletti Operations – Operations Manager, and Engineering.

Mechanical Dynamics and Analysis (‘MD&A’), Ltd. lacks the ability to provide PAC cases to GEII; it has no access to specific GE proprietary information needed to perform maintenance on critical plant equipment; and, it generally, across the board, ranks lower in the ability to perform tasks requested in the RFP. However, it has a favorable labor rate.

GEII ranks higher in its capability to perform all of the requirements requested in the RFP and its labor rate is higher. GEII has demonstrated that it has the capability to provide these services on an ‘as-needed basis.’ GEII is evaluated to be the most economically and technically qualified bidder to fulfill all of the requirements needed for the Services at the SENY 500 MW Power Plant.
FISCAL INFORMATION

Payments associated with this project will be made from the Authority’s O&M budget.

RECOMMENDATION

The Senior Vice President – Power Generation, the Regional Manager – SENY Operations, the Plant Manager – Operations, and the Vice President – Procurement recommend that the Trustees approve the award of a five-year contract to General Electric International, Inc. of Marietta, GA in the amount of $7.5 million for technical support and maintenance services for the 500 MW Power Plant’s equipment.

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

The following resolution, as submitted by the President and Chief Executive Officer, was unanimously adopted.

RESOLVED, That pursuant to the Guidelines for Procurement Contracts adopted by the Authority and the Authority’s Expenditure Authorization Procedures, a five-year contract award to General Electric International, Inc. of Marietta, GA, in the amount of $7.5 million, is hereby authorized to provide Technical support and Maintenance Services on an “as-needed” basis at the Southeast New York (“SENY”) 500 MW Power Plant;

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<th>Contractor</th>
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<td>Marietta, GA</td>
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</tr>
</tbody>
</table>

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 are, and each of them hereby is, authorized on behalf of the Authority to do any and all things and 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.
d. Capital Expenditure Authorization Requests:

i. Information Technology –
  Canal Corporation Initiatives –
  Capital Expenditure Authorization
  Request

The President and Chief Executive Officer submitted the following report:

“SUMMARY

The Trustees are requested to authorize capital expenditures in the amount of $28,554,455 for the implementation of Information Technology’s (‘IT’) Canal Corporation (‘Canal’) Initiatives as per the Authority’s Expenditure Authorization Procedures (‘EAPs’). These expenditures are emergent and were not included in the 2016 submitted Capital budget.

No contract awards are being requested at this time. All future contract requests associated with this capital expenditure authorization will be in accordance with the Authority’s EAPs.

BACKGROUND

In accordance with the Authority’s EAPs, the award of non-personal services or equipment purchase contracts in excess of $3 million, as well as personal services contracts in excess of $1 million if low bidder, or $500,000 if sole-source or non-low bidder, requires the Trustees’ approval.

DISCUSSION

To ensure that the Authority continues to meet performance and business requirements, Information Technology has developed expenditure requirements for the Canal transfer.

The Authority will be responsible for Canal’s operations beginning January 1, 2017. In preparation for this, IT has put together an emergent capital budget based on bottoms-up planning. This planning was through the established Authority Canal Integration Management Office (‘IMO’).

Canal currently uses a shared services model through the New York State Thruway Authority for many Enterprise Resource Planning (‘ERP’) functions such as Human Resources, Procurement, Financial Accounting, Accounts Payable and Accounts Receivable. Canal also currently relies on the New York State Thruway Authority for IT services such as Information Technology System Operations for both Enterprise/Horizontal applications (e.g. PeopleSoft ERP, Email, and Telephony), as well as Departmental/Vertical applications (e.g. Operations, Project Management and GIS). In total, approximately 120 Canal systems have been identified and need to be reviewed for possible transition to the Authority.

This initiative is based on the implementation of the preliminary Target Operating Model (‘TOM’) which was published on May 19, 2016. Some of Canal’s systems will be migrated directly and continue to operate currently (e.g. Email), while others will require changes to the Canal business process and operate either the same as, or similar to, the Authority’s current environment (e.g. PeopleSoft migration to SAP).

The Authority’s IT group has several teams which cover the functional areas of Application Development, Application Services, Cyber Security, Governance & Policy, Infrastructure, and IT Project Management. Each of these teams will be involved in the transfer of Canal.
These expenditures will provide the ability to implement necessary Information Technology infrastructure and systems for the transfer of Canal, as well as increase business capacity and capability through new system implementations.

This initiative consists of infrastructure, hardware, software, telecommunications, systems integration, and business process changes related to the Authority’s Information Technology systems. The result will be the transfer to the new target operating model for all IT related systems.

This funding will be used to procure, install, integrate and implement business-related systems including areas such as:

- Enterprise Resource Planning (‘ERP’)
  - Financial Accounting
  - Budgeting
  - Accounts Payable
  - Accounts Receivable
  - Payroll
  - Procurement
  - Human Resources
- Audit
- Website
- Engineering/Operations
- Environmental and Safety Systems
- Facilities
- Legal
- Project Management

In addition, it will procure, install, integrate and implement an IT infrastructure which will include areas such as:

- Email / Messaging / Active Directory
- End-User Computing
- Information Security / Compliance
- Infrastructure Management
- IT Operations
- Network & Telephony Management
- File Services
- Print Services
The following lists the Information Technology Canal Initiative costs:

- IT Canal Initiative Procurement $ 7,834,869
- Consulting & Contractor Services $ 19,359,850
- HQ Overhead $ 1,359,736

Total: $ 28,554,455

FISCAL INFORMATION

Payments associated with this project will be made from the Capital Fund.

RECOMMENDATION

The Chief Information Officer – Information Technology recommends that the Trustees approve the Capital Expenditure Authorization Request in the amount of $28,554,455 for the Information Technology Initiatives.

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

The following resolution, as submitted by the President and Chief Executive Officer, was unanimously adopted.

RESOLVED, That Capital Expenditures are hereby approved in accordance with the Authority’s Expenditure Authorization Procedures, as recommended in the foregoing memorandum of the President and Chief Executive Officer, in the amount and for the purpose listed below:

<table>
<thead>
<tr>
<th>Capital Expenditure Authorization</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Information Technology Canal Initiatives</td>
<td>$ 28,554,455</td>
</tr>
</tbody>
</table>

AND BE IT FURTHER RESOLVED, That the Chairman, the Vice Chairman, the President and Chief Executive Officer, the Chief Operating Officer and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things and 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.
STL-FDR Robert Moses Switchyard
Life Extension and Modernization Project –
Capital Expenditure Authorization Request

“SUMMARY

The Trustees are requested to authorize capital expenditures in the amount of $31,689,900 for the STL-FDR Robert Moses Switchyard Life Extension and Modernization project (‘Project’). This Project is part of the Transmission Life Extension and Modernization (‘T-LEM’) program.

The Trustees are also requested to ratify the President and Chief Executive Officer’s approval of preliminary funding in the amount of $1.9 million for engineering services and procurement of long lead items.

BACKGROUND

In accordance with the Authority’s Expenditure Authorization Procedures, Capital Expenditures in excess of $3 million require the Trustees’ approval.

T-LEM is a multiyear program that will upgrade the Authority’s existing transmission system to maintain availability, increase reliability, and ensure regulatory compliance. The Program encompasses Authority transmission assets in the Central, Northern, and Western Regions and has been divided into several projects. At the December 18, 2012 Trustees’ meeting, the Trustees approved the T-LEM program at an estimated cost of $726 million. This includes:

- Upgrades, refurbishments, and replacements associated with switchyards and substations
- Transmission line tower painting
- Replacement of the submarine cable on PV-20

At the December 18, 2012 Trustees’ meeting, the Trustees also authorized capital expenditures in the amount of $65.5 million for Phase 1 of the STL Breaker and Relay Replacement (‘BARR’) program. The BARR program is an integral part of T-LEM and includes replacement of breakers and relays at the STL-FDR Robert Moses switchyard.

This Project covers the remaining equipment in the STL-FDR Robert Moses switchyard. Much of the original equipment is still in service and close to 60 years old, thus approaching and/or at the end of its useful life. Preliminary funding was requested in 2015 and, again, in 2016 for procurement of long lead items and consultant engineering services to finalize the scope, schedule, budget, and conceptual design for the Project. Based on an assessment of the switchyard equipment and maintenance records, recommendations were made for replacement of the following:

- Disconnect Switches
- Ground Switches
- Potential Transformers
- Capacitive Coupling Voltage Transformers
- Insulators and Strain Bus
- Foundation and Structural Steel Repairs/Reinforcement.

DISCUSSION

The replacement of identified equipment will be integrated into the existing multi-year STL BARR program and replaced, starting in 2018, using a combination of internal and external resources. Equipment will be procured in accordance with the Authority’s equipment procurement procedures.
The Capital Expenditure Authorization Request is comprised of the following:

- Preliminary Engineering (previously approved) $1,900,000
- Engineering and Design $7,106,000
- Procurement/Materials $1,471,800
- Construction $15,252,000
- Authority Direct/Indirect $5,960,100

Total $31,689,900

FISCAL INFORMATION

Payments associated with this project will be made from the Authority’s Capital Fund.

RECOMMENDATION

The Senior Vice President – Operations Support Services and Chief Engineer, the Vice President – Project Management, the Vice President – Engineering, the Vice President – Procurement, the Senior Vice President – Transmission, the Project Manager and the Regional Manager – Northern New York recommend that the Trustees authorize capital expenditures in the amount of $31,689,900 for the STL-FDR Robert Moses Switchyard Life Extension and Modernization project.

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

The following resolution, as submitted by the President and Chief Executive Officer, was unanimously adopted.

RESOLVED, That pursuant to the Authority’s Expenditure Authorization Procedures, capital expenditures for the STL-FDR Robert Moses Switchyard Life Extension and Modernization project in the amount of $31,689,900 are hereby authorized in accordance with, and as recommended in, the foregoing report of the President and Chief Executive Officer;

<table>
<thead>
<tr>
<th>Capital Expenditure Authorization</th>
</tr>
</thead>
<tbody>
<tr>
<td>STL-FDR Robert Moses Switchyard LEM</td>
</tr>
</tbody>
</table>

AND BE IT FURTHER RESOLVED, That the Authority, in accordance with Treasury Regulation Section 1.150-2, hereby declares its official intent to finance as follows: The Authority intends to reimburse to the maximum extent permitted by law, with the proceeds of tax-exempt obligations to be issued by the Authority, all expenditures made and which may be made in accordance with the Project described in the foregoing report of the President and Chief Executive Officer, with the maximum principal amount of obligations to be issued for such project expected to be $31,689,900; and be it further
RESOLVED, That the Chairman, the Vice Chairman, the President and Chief Executive Officer, the Chief Operating Officer and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things and 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.
iii. St. Lawrence-FDR Power Project and Long Sault Dam – Procurement and Construction for Station Service Upgrades – Capital Expenditure Authorization Request and Contract Award

“SUMMARY

The Trustees are requested to authorize capital expenditures in the aggregate amount of $13,041,000 to replace and modernize station service electrical equipment at the St. Lawrence-FDR Power Project (‘STL’) and replace the motor control centers at Long Sault Dam (‘LSD’) (herein referred to as the ‘Project’). The Trustees are also requested to approve the award of a three-year contract in the amount of $7,273,800, to S&L Electric of Colton, NY.

To provide additional time to begin the review process of submittals for long lead time equipment, interim approval in the amount of $100,000 was authorized in early July 2016 by the Chief Operating Officer, to proceed in accordance with the Authority’s Guidelines for Procurement Contracts.

BACKGROUND

Section 2879 of the Public Authorities Law and the Authority’s Guidelines for Procurement Contracts require the Trustees’ approval for procurement contracts involving services to be rendered for a period in excess of one year.

The Authority’s Expenditure Authorization Procedures (‘EAPs’) require the Trustees’ approval for the award of equipment and non-personal services contracts in excess of $3 million.

STL continues to maintain and operate the original 1958 motor control centers (‘MCCs’) and 480V AC switchgears. The ability to reliably operate and maintain the equipment and procure spare parts has become increasingly difficult. This Project includes the replacement of several deteriorated MCCs and switchgears, MCC buckets, switchgear feeder breakers, switchgear metering upgrades, and replacement of the 13.8 kV station service feeders with added redundancies.

The original 1958 LSD MCCs have shown considerable deterioration from standing water in the concrete-embedded conduits. The scope-of-work at LSD includes the replacement of the two (2) LSD MCCs to a new location, to mitigate water intrusion. The work also includes the installation of new conduits and cables to re-feed all of the existing MCC loads.

DISCUSSION

The Authority issued a Request for Proposal (‘RFP’) (Q16-6060HM) in the New York State Contract Reporter on May 4, 2016. On June 21, 2016, five (5) proposals were received. Post-bid addendum #1 was issued on June 28, 2016; bidders’ revised pricing are included in the evaluated prices below. The bidders and lump-sum bid pricing, along with the evaluated pricing, are set forth below:

<table>
<thead>
<tr>
<th>Bidder</th>
<th>Base Bid Price</th>
<th>Evaluated Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rockwell Automation/CED Parsippany, NJ</td>
<td>$2,020,004.20</td>
<td>Incomplete</td>
</tr>
<tr>
<td>S&amp;L Electric</td>
<td>$7,079,000</td>
<td>$7,273,800</td>
</tr>
<tr>
<td>Colton, NY</td>
<td>$6,623,320.59</td>
<td>$8,360,362.15</td>
</tr>
<tr>
<td>ABB, Inc. Florence, SC</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The proposals were reviewed by an Evaluation Committee consisting of staff members from the Engineer of Record (Clough, Harbour & Associates LLP) and Authority staff from Engineering, Procurement, St. Lawrence and Project Management.

In addition to the overall cost of the project, factors taken into consideration in the evaluation process included: compliance with the request for proposal, technical approach for performing the work, proposed project organization, experience of the bidder providing construction services, quality and experience of key project personnel, previous experience with projects similar to facility station services, past performance, and the Authority’s knowledge and experience with each bidder.

Rockwell Automation/CED provided an incomplete proposal and was not evaluated further.

S&L Electric’s bid is the lowest-priced and most technically acceptable. Its proposal does not contain any commercial or substantial technical exceptions to the RFP. S&L has performed similar work in the past to the Authority’s satisfaction.

This project is scheduled to be substantially completed in 2018. Closeout and punch list items will carry over into 2019.

The aggregate capital expenditure authorization request is comprised of the following:

<table>
<thead>
<tr>
<th>Project</th>
<th>Project Estimate</th>
<th>Previous Authorization</th>
<th>Current Authorization</th>
</tr>
</thead>
<tbody>
<tr>
<td>STL Station Service Upgrades</td>
<td>$10,988,900</td>
<td>$1,575,400</td>
<td>$9,413,500</td>
</tr>
<tr>
<td>LSD MCC Replacements</td>
<td>$2,052,100</td>
<td>$300,000</td>
<td>$1,752,100</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$13,041,000</td>
<td>$1,875,400</td>
<td>$11,165,600</td>
</tr>
</tbody>
</table>

**FISCAL INFORMATION**

Payments associated with this project will be made from the Authority’s Capital Fund.

**RECOMMENDATION**

The Senior Vice President – Operations Support Services and Chief Engineer, the Vice President – Project Management, the Vice President – Procurement, the Project Manager and the Regional Manager – Northern New York recommend that the Trustees authorize aggregate capital expenditures in the amount of $13,041,000, and approve the award of a three-year contract to S&L Electric in the amount of $7,273,800, to replace and modernize station service electrical equipment at the St. Lawrence-FDR Power Project and replace the motor control centers at Long Sault Dam.

For the reasons stated, I recommend the approval of the above-requested action by adoption of the resolution below."
The following resolution, as submitted by the President and Chief Executive Officer, was unanimously adopted.

RESOLVED, That pursuant to the Authority’s Expenditure Authorization Procedures, capital expenditures in the aggregate amount of $13,041,000 are hereby authorized in accordance with, and as recommended in, the foregoing report of the President and Chief Executive Officer;

<table>
<thead>
<tr>
<th>Capital Authorization</th>
<th>Expenditure Authorization</th>
</tr>
</thead>
<tbody>
<tr>
<td>St. Lawrence-FDR Power Project</td>
<td>$13,041,000</td>
</tr>
<tr>
<td>Station Service Upgrades and</td>
<td></td>
</tr>
<tr>
<td>LSD MCC Replacements</td>
<td></td>
</tr>
</tbody>
</table>

AND BE IT FURTHER RESOLVED, That pursuant to the Guidelines for Procurement Contracts adopted by the Authority and the Authority’s Expenditure Authorization Procedures, approval is hereby granted to award a three-year contract to S&L Electric of Colton, NY in the amount of $7,273,800 to replace and modernize station service equipment at the St. Lawrence-FDR Power Project and replace the motor control centers at Long Sault Dam, as recommended in the foregoing report of the President and Chief Executive Officer;

<table>
<thead>
<tr>
<th>Contractor</th>
<th>Contract Approval</th>
</tr>
</thead>
<tbody>
<tr>
<td>S&amp;L Electric</td>
<td>$7,273,800</td>
</tr>
<tr>
<td>(Colton, NY)</td>
<td></td>
</tr>
<tr>
<td>(PO TBD)</td>
<td></td>
</tr>
</tbody>
</table>

AND BE IT FURTHER RESOLVED, That the Chairman, the Vice Chairman, the President and Chief Executive Officer, the Chief Operating Officer and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things and 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.
iv. **Astoria Annex Replacement of Shunt Reactors Project – Capital Expenditure Authorization Request and Contract Award**

**SUMMARY**

The Trustees are requested to authorize capital expenditures in the amount of $4.5 million for the Astoria Annex Replacement of Shunt Reactors Project (herein referred to as the ‘Project’) at the Astoria Annex Substation in Astoria, New York. The work will be performed over a three-year period with engineering, fabrication, installation and commissioning taking place from 2016 to 2018.

The Trustees are also requested to approve the award of a three-year contract in the amount of $3.1 million to Alstom Grid LLC (‘Alstom’) of Canoas, Brazil to Engineer, Procure and Construct (‘EPC’) two, 3-phase 345 KV Air Bushing Oil-filled Shunt Reactors as part of this Capital Expenditure Authorization Request (‘CEAR’).

**BACKGROUND**

Section 2879 of the Public Authorities Law and the Authority's Guidelines for Procurement Contracts require the Trustees’ approval of contracts involving services to be rendered for a period in excess of one year.

In accordance with the Authority’s Expenditure Authorization Procedures, capital expenditures in excess of $3 million require the Trustees’ approval.

The President and Chief Executive Officer, in accordance with the Authority’s Expenditure Authorization Procedures, approved the amount of $406,200 for preliminary project engineering, which is part of the overall $4.5 million CEAR.

**DISCUSSION**

The work performed under this CEAR is for direct replacement of the existing two shunt reactors including all engineering services, purchase and installation of the reactors and all associated site installation work and construction oversight. The existing reactors are the original reactors from Poletti Power Plant and are over 30 years old. Implementation of this Project will address the issue of service-age equipment failures as well as provide security against accelerated degradation within the Q35 L & M cable system.

This capital expenditure authorization is comprised of the following:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preliminary Engineering/ Design (NYPA)</td>
<td>$120,000</td>
</tr>
<tr>
<td>Engineering/Design</td>
<td>$200,000</td>
</tr>
<tr>
<td>Procurement</td>
<td>$3,395,600</td>
</tr>
<tr>
<td>Construction/Installation</td>
<td>$465,800</td>
</tr>
<tr>
<td>Authority Indirect and Direct Expense</td>
<td>$318,600</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$4,500,000</strong></td>
</tr>
</tbody>
</table>

In response to the Authority’s Request for Proposal (‘RFP’) advertised in the New York State Contract Reporter on November 4, 2015, Inquiry Q15-5985FS, seventy-four firms downloaded the bid document and on January 6, 2016, ten proposals were received as listed below:
Based on the review of the technical submissions, Hyundai did not meet the engineering technical requirements. During the process of evaluation and as a consequence of the post-bid clarifications, Alstom was deemed the technically, most competitive bidder after successfully passing QA/QC inspection of its factory in Brazil by the Authority on April 27 and 28, 2016.

FISCAL INFORMATION

Payment associated with this project will be made from the Authority’s Capital Fund.

RECOMMENDATION

The Senior Vice President – Operations Support Services and Chief Engineer, the Senior Vice President – Transmission, the Vice President – Project Management, the Vice President – Engineering, the Vice President – Procurement and the Regional Manager – Southeast New York recommend that the Trustees authorize capital expenditures in the amount of $4.5 million for the Astoria Annex Replacement of Shunt Reactors Project and award a contract to Alstom Grid LLC in the amount of $3.1 million to Engineer, Procure and Construct two, 3-phase 345 kV, Air Bushing Oil-filled Shunt Reactors.

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

The following resolution, as submitted by the President and Chief Executive Officer, was unanimously adopted.

RESOLVED, That pursuant to the Authority’s Capital Expenditure Authorization Procedures, capital expenditures are hereby approved in the total amount of $4.5 million for the Astoria Annex Shunt Reactor Project as recommended in the foregoing report of the President and Chief Executive Officer;

### BIDDING CONTRACTOR

<table>
<thead>
<tr>
<th>Bidding Contractor</th>
<th>Location</th>
<th>Bid</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hyundai Corporation USA (Hyundai)</td>
<td>Seoul, Korea</td>
<td>$2,804,996.00</td>
</tr>
<tr>
<td>Alstom Grid LLC LLC (Alstom)</td>
<td>Canoas, Brazil</td>
<td>$3,073,300.00</td>
</tr>
<tr>
<td>TBEA Group, Inc. (TBEA)</td>
<td>Shenyang, China</td>
<td>$3,076,800.00</td>
</tr>
<tr>
<td>Baoding Tianwei Baobian Electric Co., Ltd (BTW)</td>
<td>Hebei, China</td>
<td>$3,441,587.00</td>
</tr>
<tr>
<td>Siemens Industry, Inc. (Siemens)</td>
<td>Erlangen, Germany</td>
<td>$3,844,920.00</td>
</tr>
<tr>
<td>ABB Inc. (ABB)</td>
<td>Ludvika, Sweden</td>
<td>$3,871,070.00</td>
</tr>
<tr>
<td>MVA Power Inc (MVA)</td>
<td>Montreal, Canada</td>
<td>$3,899,222.76</td>
</tr>
<tr>
<td>Smit Transformer Sales Inc (SMIT)</td>
<td>Nijmegen, Netherlands</td>
<td>$3,997,992.00</td>
</tr>
<tr>
<td>Hawkeye, LLC (Hawkeye)</td>
<td>Hauppauge, NY</td>
<td>$4,076,244.40</td>
</tr>
<tr>
<td>Welsbach Electric Corp. (Welsbach)</td>
<td>College Point, NY</td>
<td>$4,246,250.00</td>
</tr>
<tr>
<td>NYPA Fair Cost Estimate</td>
<td>White Plains, NY</td>
<td>$4,649,520.00</td>
</tr>
</tbody>
</table>
AND BE IT FURTHER RESOLVED, That pursuant to the Guidelines for Procurement Contracts adopted by the Authority, approval is hereby granted to award a contract to Alstom Grid LLC in the amount of $3.1 million to Engineer, Procure, and Construct two, 3-phase 345 kV, Air Bushing Oil-filled Shunt Reactors as recommended in the foregoing report of the President and Chief Executive Officer;

Contractor                           | Contract Approval  |
-------------------------------------|--------------------|
Alstom Grid LLC                      | 3-year Contract    |
Canoas, Brazil                       | $3,073,000         |

(#Q15-5985FS)

AND BE IT FURTHER RESOLVED, That the Chairman, the Vice Chairman, the President and Chief Executive Officer, the Chief Operating Officer and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things and 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.
“SUMMARY

The Trustees are requested to approve a Capital Expenditure Authorization Request in the amount of $7,076,709 for engineering, procurement, installation and support of the Asset Health Monitoring and Diagnostics Center (‘M&D Center’) Project.

The Trustees are also requested to approve the award of a three-year personal services contract in the amount of $2,701,160 to General Electric Intelligent Platforms, Inc. (‘GE’) of Charlottesville, VA for software and professional services for design, implementation and transition surrounding the M&D Center Project installed at the White Plains Office that will benefit all facilities.

BACKGROUND

Section 2879 of the Public Authorities Law and the Authority’s Guidelines for Procurement Contracts for personal services awarded to non-low bidder exceeding $500,000 requires the Trustees’ approval. The Trustees’ approval is also required when the term of personal services contracts exceeds one year.

The Authority’s Strategic Vision includes two Infrastructure Modernization Strategic Initiatives (Asset Management and Smart Generation & Transmission); central to both is the development of a M&D Center. The M&D Center will create new decision-making capabilities by aggregating existing and future data streams to monitor, diagnose, and inform asset management decisions. The M&D Center will extend asset capacity, stabilize maintenance and inventory costs, and mitigate the impact of catastrophic events.

An objective of the M&D Center is to provide increased real-time insight into asset health status in order to optimize maintenance spend and deter emergent capital spending. The Authority incurs large annual capital and O&M costs associated with maintaining its core transmission and generation assets. Real-time asset health feedback and increased awareness contributes to decreased catastrophic events, increased asset life, optimized O&M spend, and, generally, reduced risk.

The M&D Center is aligned to target areas of improvement, specifically increased reliability and resiliency, optimized transmission and generation assets, and enhanced situational awareness. Furthermore, the M&D Center will enhance the Authority’s data analytics capabilities.

The Vendor being recommended for the M&D Center Project will complete the following four major tasks and deliverables:

1. Assessment of the Authority’s data quality
2. Design, development and configuration of the M&D solution
3. Phased implementation of the M&D solution, beginning with a pilot program completed by the end of 2016 at the 500 MW Facility
4. Effective transition of M&D solution and use to Authority

The M&D Center will be the first phase toward implementation of an Integrated Smart Operations Center (‘iSOC’). The M&D Center will initially be integrated into the existing Network Operations Center (‘NOC’) in the White Plains Office. Ultimately, the vision is to construct the iSOC and transition the M&D
Center as a subsequent phase. The iSOC will provide enterprise-wide technology and service management capability across operational groups and plays a critical role in identifying, managing, coordinating, and escalating security incidents and events on common devices, infrastructures, networks, and applications.

**DISCUSSION**

In response to the Authority’s request for proposal advertised in the New York State *Contract Reporter* on December 29, 2015 (RFQ No. Q15-6014MH), four companies (Schneider Electric Software LLC, GE Intelligent Platforms Inc., ABB Inc., and IBM Corp,) responded with proposals on February 19, 2016. Subsequently, all four companies presented their proposals and demonstrated software solutions over a two-day evaluation period in the White Plains Office on May 19 and 20, 2016.

The proposals and presentations were based on the Authority’s original RFQ scope, specifically: functional requirements of the solution, asset class coverage (both generation and transmission), hybrid architecture (combines centralized data management with site-based decision making), onsite deployment and project management methodology and approach to accomplish the four major tasks/deliverables (listed above).

An award (three-year term) to GE is recommended by the Evaluation Committee as GE has the lowest evaluated price than the next lowest evaluated bidder due to their proposal being scored substantially better in product functionality and overall vendor capability. GE has a deep technical knowledge of the Authority’s assets, particularly in SENY, plus GE operates centers of excellence that can offer continued support and long-term guidance as needed. GE’s bid also included additional services such as shadowing and model development assistance that no other vendor offered. GE’s bid included substantial room to grow the fleet of assets without having to purchase additional software license coverage.

The Evaluation Committee does not recommend Schneider Electric as they are not the lowest evaluated bidder. The largest contributor to their higher evaluated price is the large licensing costs associated with adding additional assets and sensors to the PRiSM system. The bid Schneider submitted covers all of current assets and data points, however, GE’s bid included substantial room to grow the fleet of assets without having to purchase additional software license coverage. When detailing out the evaluated price of Schneider Electric’s bid compared to GE, additional software licensing costs must be added, making it considerably more expensive than GE.

The following capital expenditures are required to complete the detailed engineering, procurement and construction phases of the Project as summarized below:

- Preliminary Engineering $1,000,000
- Engineering/ Design $1,210,000
- Procurement $357,500
- Construction/ Installation $3,393,834
- NYPA Direct/Indirect Expense $1,115,400

The Estimated Total Current Capital Expenditure is $7,076,709.

The Chief Executive Officer previously approved $2,217,189 for preliminary engineering.
FISCAL INFORMATION

Payments associated with this project will be made from the Authority’s Capital Fund.

RECOMMENDATION

The Senior Vice President – Technology & Innovation, the Senior Vice President – Transmission, the Senior Vice President – Information Technology, the Vice President – Project Management, the Vice President – Engineering, the Vice President – Procurement, and the Director – Strategic Operations recommend that the Trustees approve capital expenditures in the amount of $7,076,709 for the Asset Health Monitoring and Diagnostics Center (‘M&D Center’) Project and the award of a $2,701,160 contract to General Electric Intelligent Platforms, Inc. of Charlottesville, VA for software and professional services for the M&D Center Project.

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

The following resolution, as submitted by the President and Chief Executive Officer, was unanimously adopted.

RESOLVED, That pursuant to the Authority’s Expenditure Authorization Procedures, capital expenditures in the amount of $7,076,709 are hereby authorized for the Asset Health Monitoring and Diagnostics Center Project (“the Project”) as recommended in the foregoing report of the President and Chief Executive Officer;

<table>
<thead>
<tr>
<th>Capital Expenditure Authorization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asset Health Monitoring and Diagnostics Center</td>
</tr>
</tbody>
</table>

AND BE IT FURTHER RESOLVED, That pursuant to the Guidelines for Procurement Contracts adopted by the Authority, approval is hereby granted to authorize the award of a contract to General Electric Intelligent Platforms, Inc. of Charlottesville, VA, in the amount of $2,701,160, to provide software and professional services in order to design, implement and transition the Project as recommended in the foregoing report of the President and Chief Executive Officer and as set forth below:

<table>
<thead>
<tr>
<th>Contractor</th>
<th>Contract Approval</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Electric Intelligent Platforms, Inc.</td>
<td>$2,701,160</td>
</tr>
<tr>
<td>Charlottesville, VA</td>
<td>3 years</td>
</tr>
</tbody>
</table>

(RFQ No. Q15-6014MH)

AND BE IT FURTHER RESOLVED, That the Chairman, the Vice Chairman, the President and Chief Executive Officer, the Chief Operating Officer and all other officers of the Authority are, and each of them hereby is,
authorized on behalf of the Authority to do any and all things and 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.
e. Energy Efficiency

i. Energy Efficiency Program – Authorization to Extend Maximum Cost Recovery Period to Twenty-Five Years

The President and Chief Executive Officer submitted the following report:

“SUMMARY

The Trustees are requested to approve a modification to the finance term for projects under the Energy Efficiency Program (‘EEP’) to allow for a maximum cost recovery period of up to twenty-five (25) years; currently, the maximum is twenty (20) years. The longer financing term will provide additional support to participants eligible for the Authority’s EEP, including agencies of the State of New York subject to Governor Cuomo’s Executive Order 88 (‘EO 88’) by enabling them to pay for capital projects with energy savings. EO 88 requires all New York State agencies to reduce their aggregate source energy consumption by twenty percent (20%) from the 2010/2011 baseline aggregate by the year 2020. The longer finance term would be offered where the useful life of the energy saving measure(s) for a capital improvement project is equal to, or greater than, the amortization period of the loan.

BACKGROUND

In 1989, the Authority launched its first full-scale, nonresidential, EEP targeting the public facilities that the Authority serves electrically in the Southeast New York (‘SENY’) service territory. This first program, the SENY High Efficiency Lighting Program (‘HELP’), targeted lighting measures that had very short payback periods. Since that time, the Authority expanded its Energy Efficiency Program from lighting upgrades to comprehensive energy efficiency services, including heating, ventilation and air conditioning (‘HVAC’), central heating and cooling plants with associated distribution infrastructure, water and waste water treatment process improvement measures, emergency generation and peak load management, controls, boiler and chiller replacements and retrofits, building shell improvements and combined heat and power (‘CHP’) systems.

The Authority has offered financing to its EEP participants since it began the HELP program in 1989, when the cost recovery term was limited to five (5) years. The Trustees periodically approved increases in the cost recovery term as energy efficiency measures with longer payback periods, such as boilers, chillers and windows were routinely implemented. In 2002, the Trustees authorized financing terms of up to twenty (20) years to help participants implement more comprehensive projects and to assist school districts adapt to a change in State building aid reimbursements for capital improvements. By increasing the finance term as the Energy Efficiency Programs addressed new technologies and markets, the Authority has effectively leveraged a great deal of savings.

DISCUSSION

In December 2012, Governor Cuomo issued EO 88, the centerpiece of his Build Smart NY Initiative. EO 88 mandates a 20% improvement in efficiency performance of the States’ building portfolio by 2020, based on Source Energy Use Index (‘Source EUI’) from the 2010/2011 Source EUI baseline. At the close of the 2014/2015 fiscal year, three years into the Governor’s Build Smart NY Program, the State’s six or seven largest energy consumers were estimated to be at about 4% into their 20% expected contributions. Capital investments on infrastructure that result in long-term Source EUI savings may be needed by several agencies for NYS to meet their individual EO 88 goals by 2020. Two current projects that would benefit by a longer repayment term are the Office of General Services’ (‘OGS’) Sheridan Avenue CHP Plant and OGS’s Chiller and Turbine Project Number 5, as more fully described below.

In November 2015, the Authority completed a feasibility study for a 15-megawatt CHP plant, located at OGS’s Sheridan Avenue Steam Plant in Albany that would provide electricity and steam to the
Empire State Plaza. Electricity from the CHP system would serve 90% of the Empire State Plaza’s annual electrical needs. To improve the overall system efficiency, steam normally not used by most electrical generation plants would be recovered to deliver about 70% of the Empire State Plaza’s annual heating and cooling load. This resilient CHP system would provide the Empire State Plaza with full back-up power. The cost of the OGS Sheridan Avenue CHP System is currently estimated to be $80 million to $100 million. Since the CHP plant is estimated to have a useful life of 50 years, a 25 year finance term would enable OGS to reduce its payments to the Authority so they would be approximately equal to the estimated project savings. The Sheridan Avenue CHP plant could be the first phase of a potential microgrid project that serves power to State and Albany County public buildings.

The Empire State Plaza Chiller and Turbine Project Number 5, estimated to cost $66 million, will replace five, 4,500-ton steam-driven chillers and several electric chillers at OGS’s Empire State Plaza with new equipment that uses an environmentally compliant refrigerant. New controls will be installed so equipment can operate at peak performance and lower operating costs. The driving force behind this project is to remove environmentally harmful refrigerants from the systems while replacing equipment installed nearly 50 years ago that is at the end of its useful life. This project will save nearly $1.2M annually in energy and maintenance costs. A 25-year finance term would reduce the annual repayment cost for which OGS would have to budget beyond the project savings.

These two projects will generate more than 70% of OGS’s expected contribution to the State’s EO 88 goal. Combined with the Source EUI reductions OGS achieved through the 2014/2015 fiscal year, OGS will have achieved over 83% of its individual EO 88 goal. OGS has numerous other projects in progress through the Authority’s Energy Efficiency Programs that will contribute to their goal.

Nearly every agency across the state has made an earnest effort to implement low-cost/no-cost energy efficiency measures over the past 27-year EEP current lifetime. Agencies now require deeper retrofit projects to address their aging infrastructure and to effect meaningful improvement from their Source EUI baselines. At the same time, agencies find budgeting for capital projects, especially those with energy-efficiency premium costs, more challenging than ever.

Increasing the finance term for capital improvement projects under the Authority’s EEP to a maximum cost recovery period of up to twenty-five (25) years will have a positive impact on capital projects for other agencies and eligible NYPA program participants and assist them to reach their EO 88 and other energy efficiency goals.

FISCAL INFORMATION

No increase in fiscal authorization is being requested for the Energy Efficiency Programs at this time. As in the past, the cost of offering financing will be recovered directly from EEP participants, who will be responsible for any fluctuation in interest rates during the extended repayment period. To ensure full interest rate recovery, in addition to variable rate debt instruments, financing may also be provided through fixed rate instruments having terms equal to the extended cost recovery period.

RECOMMENDATION

The Senior Vice President – Economic Development and Energy Efficiency and the Senior Director and Acting Vice President – Energy Efficiency recommend that the Trustees authorize a maximum cost recovery period of 25 years for Energy Efficiency Programs projects completed in the future, provided that the Vice President – Energy Efficiency determines that such extended cost recovery period of 25 years, or a lesser number of years, is necessary or advisable to render a proposed project economically viable, and provided further, that the equipment to be financed under such project had a useful life equal to, or longer than, the cost recovery period chosen. The cost of these projects, including financing costs, will be recovered directly from participants, with the participants being responsible, among other things, for interest rate costs during the repayment period. In addition to variable rate debt
For the reasons stated, I recommend the approval of the above-requested action by adoption of the resolution below."

The following resolution, as submitted by the President and Chief Executive Officer, was unanimously adopted.

RESOLVED, That in support of the Authority’s Energy Efficiency Program, including Governor Cuomo’s Source Energy Use Index reduction goals outlined in Executive Order 88, his Build Smart NY Initiative, and to assist eligible Authority program participants to achieve their energy efficiency goals, the Trustees hereby authorize a maximum cost-recovery period of 25 years for projects under the Authority’s Energy Efficiency Programs completed in the future, provided that (1) the Vice President – Energy Efficiency determines that a cost-recovery period of 25 years, or a lesser number of years, is necessary or advisable to render a proposed project economically viable; (2) the equipment to be financed under such project has a useful life equal to, or longer than, the cost recovery period chosen; (3) the cost of these projects, including financing costs, will be recovered directly from participants, with the participants being responsible, among other things, for interest rate costs during the repayment period; and (4) in addition to variable rate debt instruments, financing may be provided (i) through fixed rate debt instruments having a term equal to the term of the cost recovery period; and be it further

RESOLVED, That the Chairman, the Vice Chairman, the President and Chief Executive Officer, the Chief Operating Officer and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things, and take any and all actions and execute and deliver any and all certificates, agreements and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.
f. Real Estate
   i. Lease of Premises – 30 South Pearl Street, 5th Floor, Albany NY

   The President and Chief Executive Officer submitted the following report:

   “SUMMARY

   The Trustees are requested to authorize negotiation of and entry into a lease with PS Associates, L.P. (‘Landlord’) for approximately 12,000 square-feet of space located on the fifth floor at 30 South Pearl Street, Albany NY (‘30 South Pearl Street’) to serve as the headquarters for the New York Canal Corporation (‘Canal Corporation’). It is intended that the lease for the new space will commence on or about September 1, 2016. It is anticipated that the initial per-square-foot rental cost will not exceed $23 per square foot or $276,000 per annum, plus any build-out costs in excess of the Landlord’s contribution, plus the cost of furnishings, parking charges, and standard pro-rata contributions toward operations and maintenance and property taxes.

   BACKGROUND

   The Authority’s Expenditure Authorization Procedures governing real estate require the Trustees’ approval for the acquisition of lease interests in real property where the annual rent exceeds $100,000.

   Pursuant to Part TT of Chapter 54 of the Laws of 2016 (‘Part TT’), the Canal Corporation, a New York State Thruway Authority (‘Thruway Authority’) subsidiary, will be continued and reconstituted as a subsidiary corporation of the Power Authority, and certain powers, duties and obligations relating to the New York State Canal System will be transferred from the Thruway Authority to the Power Authority, as provided for in Part TT (collectively, the ‘Canal Transfer’).

   Canal Corporation headquarters staff (currently 28 employees) presently maintains offices at the Albany location of the Thruway Authority. In response to above-referenced legislation, it is necessary to relocate these employees to new office space. As Authority staff from various departments will be involved in supporting the day-to-day management and operation of Canal Corporation, it is most advantageous for the new Canal Corporation offices to be located in close proximity to the Authority’s current Albany office at 30 South Pearl Street.

   DISCUSSION

   Real Estate staff viewed several possible locations in the downtown Albany business district and, ultimately, recommended a space comprising approximately 12,000 square-feet on the fifth floor of 30 South Pearl Street as best suited to meet the needs of both Canal Corporation and Authority staff.

   The terms of the new lease have not yet been finalized, but after preliminary discussion with the Landlord it is anticipated that the term will be for ten years at a per-square-foot rental rate not to exceed $23.00, or $276,000 per annum, together with any build-out costs in excess of the Landlord’s contribution, plus the cost of furnishings, parking charges and standard Tax and Operation and Maintenance costs. The Authority will incur no brokerage fees in this transaction. The rental rates and other charges set out above are competitive with similar space in the Albany area.

   Although the Canal Transfer is not effective until January 1, 2017, earlier occupancy is required to allow sufficient time for installation of IT and security equipment, furniture, etc., by Authority staff.

   FISCAL INFORMATION

   Funds required for rent will come from the Authority’s Operating Fund.
RECOMMENDATION

The Vice President – Enterprise Shared Services recommends that the Trustees approve the entry into a lease with PS Associates, L.P. (‘Landlord’) for approximately 12,000 square-feet of space located on the fifth floor at 30 South Pearl Street, Albany NY to serve as the headquarters for the New York Canal Corporation.

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

The following resolution, as submitted by the President and Chief Executive Officer, was unanimously adopted.

RESOLVED, that the President and Chief Executive Officer and the Vice President – Enterprise Shared Services be, and hereby are, authorized to enter into a lease with PS Associates, L.P. for approximately 12,000 square-feet of space located on the fifth floor at 30 South Pearl Street, Albany NY to serve as the headquarters for the New York Canal Corporation on substantially the terms set forth herein, subject to approval of lease documents by the Executive Vice President and General Counsel or his designee; and be it further

RESOLVED, That the Vice President – Enterprise Shared Services, or designee, is hereby authorized to execute any and all other agreements, papers or instruments on behalf of the Authority that may be deemed necessary or desirable to carry out the foregoing, subject to approval by the Executive Vice President and General Counsel; and be it further

RESOLVED, that the Chairman, the Vice Chairman, the President and Chief Executive Officer, the Chief Operating Officer, the Senior Vice President – Wholesale Commercial Operations and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things and 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.
ii. Lake St. Lawrence Yacht Club and St. Lawrence University – Renewal of Leases

The President and Chief Executive Officer submitted the following report:

“SUMMARY

The Trustees are requested to authorize new leases with the Lake St. Lawrence Yacht Club (‘Club’) for use of approximately 1.4 acres of Authority-owned real property for operation of a boating club and with St. Lawrence University (‘SLU’) for use of approximately one acre for operation and maintenance of its rowing facilities.

BACKGROUND

The Authority’s Expenditure Authorization Procedures governing real estate require the Trustees’ approval for leases of Authority property where the annual value exceeds $100,000 or the term exceeds ten years.

Under the terms of the Recreational Plan appended to its 2003 renewal of the Federal Energy Regulatory Commission (‘FERC’) license for operation the St. Lawrence-FDR Power Project (the ‘Project’), the Authority is required to ‘improve, construct and maintain recreational opportunities at the Project.’ The Recreational Plan specifically identifies a range of sites within the FERC Project boundary as recreational facilities maintained pursuant to this licensing obligation. In addition to those sites, the Authority has historically considered certain other sites, not specifically referenced, to be in support of its mission to bolster the institutions and economy of the North Country. Among these are the properties leased to the Club and SLU.

The Club has leased approximately 2.5 acres of Authority property on Lake St. Lawrence in the Town of Louisville since 1963. As a recreational association with deep historical roots, it hosts many public functions which are beneficial to the greater community. Contrary to its name, the Club is not an exclusive organization, but rather a local organization of boaters which charges relatively low dues and requires its members to invest significant volunteer time to keep the organization afloat. There are approximately 60 members, with significant annual membership turnover. The Club has made significant improvements to the property during its half-century of tenancy and continues to maintain the premises without additional financial input from the Authority.

SLU is a well-respected educational institution and a major economic driver in the North Country. It has leased approximately one acre of property on the St. Lawrence River in the Town of Waddington since 2002 for rowing crew training and competitions. The site is improved by a boathouse and floating dock maintained by the SLU. Rowing competitions draw significant numbers of spectators to the site, which is also open periodically to the public for recreational purposes.

The leases with both tenants, which have now expired, predated the adoption of the Public Authorities Law (‘PAL’). The new leases must comply with the PAL and, in particular, section 2897, which sets forth the requirements for disposal of public authority property. Subject to Trustee approval and the requirements set forth in the PAL, the parties have negotiated the terms and conditions of new leases with 15-year terms, at rents set forth below.

DISCUSSION

A reevaluation of the premises required for the Club’s purposes determined that the property subject to the lease could be reduced from 2.5 acres to 1.4 acres. An independent appraisal of the subject premises determined the fair market fee value of the premises to be $64,400, with an estimated fair market rental value of approximately $5,175 per year. The fair market value of the SLU property in fee was appraised at $80,000, with an estimated fair market rental value of $7,200 per year.
Property values for shoreline property in the St. Lawrence County have risen significantly since the now-expired leases were negotiated. The present-day fair market rentals represent a major increase from the sums previously paid by both the Club and SLU. Staff is concerned that were the rents to be immediately increased to their present fair market value, this would result in significant economic hardship to both tenants and would be detrimental to the fragile economy of the North Country. Indeed, since the Club has recently struggled to maintain sufficient membership, a significant increase could result in the club’s dissolution.

In order to ameliorate the effects of this drastic increase, the parties have negotiated escalating payment schedules, commencing below fair market value but increasing to the appraised fair market rental over a period of years. It is proposed that the Club’s initial rent will be $3,000 for the first year, rising in annual increments of $500 for four successive years and then to the fair market of $5,175 for the balance of the 15-year term. The proposed initial rent for SLU is $3,600 for the first year, rising to $5,400 for the second year and then to the fair market value of $7,200 for the remainder of the 15-year term.

Transfers of authority property for less than fair market value are contemplated in the PAL. PAL Section 2897(7)(iii) requires that when an authority seeks to transfer an asset for less than its fair market value, the Authority notify the governor, the speaker of the assembly and the president of the senate via explanatory statements of the proposed disposal of Authority assets, which is then subject to denial by the governor, the senate or the assembly. Upon Trustee approval, the required explanatory statements will be filed, as required. The Authority will not execute the leases until all necessary approvals are acquired.

FISCAL INFORMATION

Rental payments received will be deposited into the Authority’s Operating Fund.

RECOMMENDATION

The Vice President – Enterprise Shared Services and the Director – Licensing recommend that the Trustees approve the leases between the Authority and the Lake St. Lawrence Yacht Club and St. Lawrence University, respectively.

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

The following resolution, as submitted by the President and Chief Executive Officer, was unanimously adopted.

RESOLVED, that the President and Chief Executive Officer and the Vice President – Enterprise Shared Services be, and hereby are, authorized to enter into leases between the Authority and the Lake St. Lawrence Yacht Club and St. Lawrence University, respectively, on substantially the terms set forth in the foregoing report of the President and Chief Executive Officer and subject to the approval of the documents by the Executive Vice President and General Counsel or his designee; and be it further

RESOLVED, That the Vice President – Enterprise Shared Services, or designee, is hereby authorized to execute any and all other agreements, papers or instruments on behalf of the Authority that may be deemed necessary or desirable to carry out the foregoing, subject to
the approval by the Executive Vice President and General Counsel; and be it further

RESOLVED, That the Chairman, the Vice Chairman, the President and Chief Executive Officer, the Chief Operating Officer and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things and 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.

The President and Chief Executive Officer submitted the following report:

“SUMMARY

The Trustees are requested to authorize the extension of a Transmission Structure Right-of-Occupancy Agreement to Sprint Spectrum Realty Company, L.P., successor-in-interest to Sprint Spectrum, L.P. (‘Sprint’). The minimum annual rental is $19,902 per tower site.

BACKGROUND

The Authority’s Expenditure Authorization Procedures governing real estate require the Trustees’ approval for operating agreements for use of Authority property where the annual value exceeds $100,000. That threshold will be reached during the initial term of this extension.

At their August 27, 1996 meeting, the Trustees approved a Transmission Structure Right-of-Occupancy Agreement (‘Agreement’) with Sprint for the use of space on Authority transmission towers to append antennas for communication services. Under the Agreement, Sprint installed antennas on five of the Authority’s transmission towers in the Rochester area. The current Agreement will expire in September 2016 and Sprint has requested that the Authority extend the term of the Agreement for an additional 5-year period with three, 5-year renewal options.

DISCUSSION

The extension agreement requires that Sprint pay the Authority $19,092 annually per transmission tower, with a 2.5% annual increase. The usage will provide the Authority with a minimum annual revenue of $95,460. Any capital or operating and maintenance costs incurred by the Authority for maintenance of the antennas will be reimbursed by Sprint. The Authority contacted other utilities in several states and determined that the rental fee paid by Sprint is competitive and consistent with the fee negotiated by such other utilities. As the transmission towers are on real property upon which the Authority has an easement, rather than fee ownership, Sprint shall also pay each underlying fee owner approximately $1,000 per month.

The use of the transmission towers to append antennas is not inconsistent with operation of the Authority’s transmission system.

FISCAL INFORMATION

Implementation of this extension will generate revenue for the Authority.

RECOMMENDATION

The Vice President – Enterprise Shared Services and the Vice President – Transmission recommend that the Trustees approve the extension of a Transmission Structure Right-of-Occupancy Agreement between the Authority and Sprint Spectrum Realty Company, L.P.

For the reasons stated, I recommend the approval of the above-requested action by adoption of the resolution below.”
The following resolution, as submitted by the President and Chief Executive Officer, was
unanimously adopted.

RESOLVED, that the President and Chief Executive 
Officer and the Vice President – Enterprise Shared Services 
be, and hereby are, authorized to enter into an extension of 
a Transmission Structure Right-of-Occupancy Agreement 
between the Authority and Sprint Spectrum Realty 
Company, L.P. on substantially the terms set forth in the 
foregoing report of the President and Chief Executive 
Officer and subject to the approval of the documents by the 
Executive Vice President and General Counsel or his 
designee; and be it further 

RESOLVED, That the Vice President – Enterprise 
Shared Services, or designee, is hereby authorized to 
execute any and all other agreements, papers or 
instruments on behalf of the Authority that may be deemed 
necessary or desirable to carry out the foregoing, subject to 
the approval by the Executive Vice President and General 
Counsel; and be it further 

RESOLVED, That the Chairman, the Vice Chairman, 
the President and Chief Executive Officer, the Chief 
Operating Officer and all other officers of the Authority are, 
and each of them hereby is, authorized on behalf of the 
Authority to do any and all things and 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.
g. Relicensing

i. St. Lawrence-FDR Project Relicensing Agreement – Amendment to 10-Year Review with Local Government Task Force

The President and Chief Executive Officer submitted the following report:

“SUMMARY

On March 26, 2015, the Trustees approved an agreement (Review Agreement) that concluded the Ten-Year review process with the Local Government Task Force (‘LGTF’). This review process is required by the terms of the 2003 Relicensing Settlement Agreement (‘RSA’) with the LGTF. One provision in the Review Agreement was a three-year, $10 million/year discount in electric rates for businesses and dairy farms in St. Lawrence, Jefferson and Franklin counties (the Temporary North Country Power Discount Program or ‘TNCPDP’). Staff has developed a proposal to modify the Review Agreement to terminate this program early and repurpose resources currently funding the TNCPDP to a Collaborative Marketing effort with the Advisory Board for the St Lawrence Economic Development Study. This study was completed under another provision of the Review Agreement.

Specifically, NYPA would agree to fund a collaborative marketing effort, in place of funding the TNCPDP, at the rate of $2 million/year for five years, commencing in 2017. The current availability of more than 230 MW of Preservation Power formerly used by Alcoa provides an opportunity where the interests of NYPA and the North Country communities align very closely. NYPA and the communities can work together to bring business and industrial customers to the North Country, providing good jobs aided by the attractiveness of NYPA’s low-cost power. This Amendment would reallocate funds previously committed. The Amendment would not require any additional commitment of NYPA funds.

The Trustees are requested to authorize staff to complete negotiations on this Proposal and execute a modification to the Review Agreement that is not substantially inconsistent with the Proposal contained in Exhibit ‘4g i-A.’

BACKGROUND

In 2003, the St Lawrence Project was issued a new license by the Federal Energy Regulatory Commission (‘FERC’). There were several Settlement Agreements that supported the new license, including one with the LGTF, which is composed of representatives from the municipalities and school districts bordering the Project. The LGTF Relicensing Settlement Agreement provides that ‘the Parties shall conduct a review of this agreement every ten years commencing in 2013’ to consider ‘issues not anticipated at the time of relicensing.’

The first review was completed in late 2014, and the Review Agreement completing the review process was approved by the Trustees on March 26, 2015. One provision in the Review Agreement was a three-year $10 million/year discount in electric rates for businesses and dairy farms in St. Lawrence, Jefferson and Franklin counties (the Temporary North Country Power Discount Program). Another provision in the Review Agreement provided that NYPA would fund the preparation of an economic development, strategic marketing study for the LGTF communities. This has been completed as the St. Lawrence County Economic Development Study (‘SLCEDS’). The study provides very specific steps to seek and create new economic development opportunities in the County.

A concern expressed by the communities is the lack of resources to implement the steps identified in the study. NYPA has no statutory basis to assist the communities with this implementation. However, NYPA’s Alcoa contract, updated in December 2015, results in more than 230 MW of uncontracted power, which is required by statute to be contracted to businesses in the North Country (Jefferson, St Lawrence and Franklin counties). NYPA has a proper business purpose to find customers for this power and to make reasonable investments to achieve that end. This provides a unique
opportunity for the communities and NYPA to work together to reach the common goal of bringing new power customers and good jobs to the North Country.

DISCUSSION

It is recommended that NYPA repurpose funds previously committed and currently used to support the TNCPDP to fund a collaborative marketing effort between NYPA and the communities. This effort would identify businesses that could be interested in locating or expanding in the North Country and market to those entities focusing on the benefits of assets in the North Country to their businesses, with an emphasis on the availability of Preservation Power.

NYPA has proposed an amendment that would involve the early termination of the TNCPDP, with a three-month ramp down to take place this fall, with the program ending by year’s end 2016. NYPA would commit to funding the collaborative marketing effort with the communities at an amount of up to $2 million/year beginning in 2017 and running for five years (through the end of 2021; total of $10 million).

This amendment will involve no new commitments of NYPA’s funds. Funding previously committed to the TNCPDP will be reallocated to fund the collaborative marketing effort.

With the Trustee’s approval, NYPA staff will continue to work with the LGTF negotiating team to finalize this amendment between the parties, and then move forward with implementing it.

FISCAL INFORMATION

The TNCPDP was envisioned as being funded from net margins from the market sale of power contracted to Alcoa but unused while the East Smelter was curtailed. With the extremely low wholesale power prices that have persisted through much of the duration of the TNCPDP program, the offsetting revenues have not been realized and the TNCPDP is being funded with Operating Funds. Payments associated with the proposed amendment would be made from the Authority’s Operating Fund, as appropriate.

RECOMMENDATION

The Executive Vice President – Chief Commercial Officer recommends that the Trustees authorize staff to finalize this amendment in a form substantially consistent with Exhibit ‘4g i-A’ and to move forward to implement these commitments with the Local Government Task Force.

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

The following resolution, as submitted by the President and Chief Executive Officer, was unanimously adopted.

RESOLVED, That amending the previously approved commitment to the Temporary North Country Power Discount Program (“TNCPDP”) in a form substantially consistent with Exhibit “4g i-A” is approved and such an amendment should be finalized by NYPA staff and the Local Government Task Force (“LGTF”) negotiating team, and after execution by the LGTF and NYPA’s President and Chief Executive Officer, be put into effect, as recommended in the foregoing report of the President and Chief Executive Officer; and be it further
RESOLVED, That as a condition to making available the amounts specified in the commitment to the TNCPDP in the March 26, 2015 resolution, to support the amended commitment, the Executive Vice President and Chief Financial Officer or the Treasurer shall certify that such monies are not needed for any of the purposes specified in Section 503(1)(a)-(c) of the Authority’s General Resolution Authorizing Revenue Obligations, as amended and supplemented; and be it further

RESOLVED, That the Chairman, the Vice Chairman, the President and Chief Executive Officer, the Chief Operating Officer and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things and 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.
h. Decommissioning
   i. Authorization to Terminate Nuclear Decommissioning Obligations and Transfer of Nuclear Decommissioning Trust Funds

   The President and Chief Executive Officer submitted the following report:

   “SUMMARY

   The Trustees are requested to authorize the (1) termination of nuclear decommissioning obligations for the James A. FitzPatrick Nuclear Power Plant (‘JAF’) and the Indian Point 3 Nuclear Power Plant (‘IP3’); (2) transfer, subject to approval by the Nuclear Regulatory Commission (‘NRC’), of the nuclear decommissioning trust funds (‘Decommissioning Funds’) for JAF and IP3 to Entergy Nuclear Operations, Inc. (‘ENOI’); and (3) execution of a transfer agreement with ENOI, and any other agreements, to effectuate such transfer.

   BACKGROUND

   On November 21, 2000, the Authority completed the sale of JAF to Entergy Nuclear Fitzpatrick, LLC (‘ENF’) and the sale of IP3 to Entergy Nuclear Indian Point 3, LLC (‘ENIP’). In connection with the sale, the Authority entered into decommissioning agreements (‘Decommissioning Agreements’) with ENF and ENIP relating to decommissioning obligations and ownership of the Decommissioning Funds.

   The Decommissioning Funds are maintained for the purpose of funding the nuclear decommissioning of the plants and were funded by the Authority during the period of its ownership. The Authority is the beneficial owner of the Decommissioning Funds. No disbursements or payments may be made from the Decommissioning Funds, other than for ordinary administrative expenses, until the trustee has (a) first given the NRC 30 days’ notice and (b) not received prior written notice of objection from the NRC. As of May 31, 2016, the values of the Decommissioning Funds were: JAF - $707,489,771.82; IP3 - $772,000,057.09.

   Under the Decommissioning Agreements:

   • The Authority retained decommissioning obligations for each plant. The obligation for each plant is limited to the lesser of the Inflation Adjusted Cost Amount or the balance of the Decommissioning Fund. The Inflation Adjusted Cost Amount (‘IACA’) for a plant means a fixed estimated decommissioning cost amount adjusted in accordance with the effect of increases and decreases in the Nuclear Regulatory Commission’s (‘NRC’) minimum cost estimate amounts applicable to the plant.

   • If the Authority is required to decommission pursuant to a Decommissioning Agreement, Entergy Nuclear, Inc. would be obligated to enter into a fixed price contract with the Authority to decommission the plant, the price being equal to the lower of the plant’s IACA or Decommissioning Fund amount.

   • After the original expiration dates of a plant’s NRC license, the Authority has the option of terminating its decommissioning obligation by transferring the plant’s Decommissioning Fund to the current plant owner. At the time of such transfer, the Authority will be entitled to be paid an amount (the ‘Transfer Amount’) equal to the excess of the amount in the plant’s Decommissioning Fund over the IACA, if any.

   ENOI is the NRC-licensed operator of JAF and IP3 and an affiliate of ENF and ENIP.
The operating license for JAF expired in 2014 and was renewed by the NRC for 20 years to 2034. The operating license for IP3 expired in 2015. ENOI has continued to operate IP3 under the existing license until the NRC makes a final determination on the license renewal application.

DISCUSSION

The Authority has not operated in the nuclear energy industry since the sale of JAF and IP3 in 2000.

Now that the original license expiration dates for JAF and IP3 have passed, the Authority has the option to terminate its decommissioning obligations by transferring the Decommissioning Funds to ENOI.

The termination and transfer will be pursuant to a transfer agreement between the Authority and ENOI. The Transfer Payment for each plant is currently zero dollars since the IACA is greater than the balance of the Decommissioning Fund. However, the transfer agreement will provide for ENOI to make a lump-sum payment of $8 million to the Authority in connection with the transfer. The lump-sum payment would be in lieu of other payments, including potential future payments, which may be owed to the Authority under the Decommissioning Agreements. In addition, ENOI will assume all of the Authority’s decommissioning obligations under the Decommissioning Agreements.

The transfer of the Decommissioning Funds would be subject to the receipt of approval from the NRC.

FISCAL INFORMATION

There are no expenditures by the Authority in connection with the (1) termination of the nuclear decommissioning obligations for JAF and IP3; (2) transfer, subject to approval by the NRC, of the Decommissioning Funds for JAF and IP3 to ENOI; and (3) execution of a transfer agreement with ENOI, and any other agreements, to effectuate such transfer.

RECOMMENDATION

The Treasurer recommends that the Trustees authorize the (1) termination of the Authority’s nuclear decommissioning obligations for James A. FitzPatrick Nuclear Power Plant (“JAF”) and the Indian Point 3 Nuclear Power Plant (“IP3”); (2) transfer, subject to approval by the Nuclear Regulatory Commission, of the Decommissioning Funds for JAF and IP3 to Entergy Nuclear Operations, Inc. (“ENOI”); and (3) execution of a transfer agreement with ENOI, and any other agreements, to effectuate such transfer.

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

The following resolution, as submitted by the President and Chief Executive Officer, was unanimously adopted.

RESOLVED, That the President and Chief Executive Officer, or his designee, is hereby authorized on behalf of the Authority to (1) terminate the Authority’s nuclear decommissioning obligations for the James A. FitzPatrick Nuclear Power Plant (“JAF”) and the Indian Point 3 Nuclear Power Plant (“IP3”); (2) transfer, subject to approval by the Nuclear Regulatory Commission, the nuclear decommissioning trust funds (“Decommissioning Funds”) for JAF and IP3 to Entergy Nuclear Operations, Inc. (“ENOI”); and (3) execute a transfer agreement with ENOI,
and any other agreements, to effectuate such transfer; and be it further

RESOLVED, That the Chairman, the Vice Chairman, the President and Chief Executive Officer, the Chief Operating Officer, the Executive Vice President and General Counsel, the Executive Vice President and Chief Financial Officer 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 certificates, agreements and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.
DISCUSSION AGENDA

5. **Strategic Initiatives:**

   a. **Report of the President and Chief Executive Officer**

      Discussion Agenda - New Format

      President Quiniones said, as indicated by the Chairman and with the Board’s concurrence, the Discussion Agenda will be presented in a new format: Strategy; Risk Management; Operations and Finance; Board Committee Reports; and Informational items, as necessary.

   **Performance Scorecard**

      President Quiniones provided highlights of the Authority’s performance for the month of June (Exhibit “5a-A”). He said the Authority’s overall performance across the board is very good. Although Transmission Reliability is below target, staff has indicated that it will meet or exceed the target by the end of the year.

   **Strategic Plan**

      President Quiniones provided an outline of the Authority’s 2020 Strategic Plan as follows:

      **Workforce Planning** - includes Succession Planning and the training necessary to get the Authority’s workforce ready for the future.

      **Process excellence** - prioritizing what is necessary to achieve the goals of the Plan.

      **Knowledge management** - capturing the knowledge of employees with years of experience; new information gathered from the marketplace; and organizing the information in a structured way so that it can be retrieved and used effectively and efficiently across the enterprise.

      **Smart Generation and Transmission** - With the changes in the utility industry, the fundamental way that utilities have been operating since its inception is changing because of technology. Through the Smart Generation and Transmission initiative, the Authority plans to digitize its generation and transmission assets.

      **Asset Management** - In the new paradigm, the Authority will need to change the way it manages and maintains its assets.

      **Customer Solutions** - The Authority will need to focus on its customers’ needs and preferences as this transformation of the industry occurs.

      President Quiniones ended by saying that, in terms of executing the Plan, at future meetings he will provide an update on each of the six strategic initiatives and the progress with realizing NYPA’s 2020 vision.

      In response to a question from Chairman Koelmel, President Quiniones said he was pleased to report that the Authority is on track to execute the Plan. Responding to further questioning from Chairman Koelmel, President Quiniones said as he look ahead toward the end of 2016 and early 2017 he is optimistic about the path the Authority is on. He is also working on keeping the Authority organized in terms of integrating the Canal Corporation into NYPA, a management challenge that, as CEO, he is keeping his eyes on. Chairman Koelmel opined that the Canal Corporation’s integration is a critical, significant, and very substantive initiative for the Authority.
b. **Canal Corporation Integration Update**

Ms. Kimberly Harriman provided an update on the integration of the Canal Corporation (“Canal”) into the Authority (Exhibit “5b-A”).

Ms. Harriman began by saying that the NYPA’s budget for fiscal year 2016-2017 included the transfer of Canal’s assets from the Thruway Authority (“Thruway”) to the New York Power Authority (“NYPA”).

There are two components of the transfer. First, the fiscal responsibility for Canal and its operations being transferred to NYPA effective April 1, which has been memorialized in a funding agreement negotiated by the Authority’s Legal Department and executed by the Finance group led by Robert Lurie. Second, the transfer of Canal’s operational control which will entail identification of systems, individuals, and resources that need to be separated from the Thruway Authority and embodied within Canal and supported by the Power Authority.

This endeavor will give the Authority insight into many improvement opportunities as it identifies the processes, systems, peoples and contracts that need to be migrated into Canals and supported by NYPA. To that end, the Authority is considering creating target operating models that show both “as is” and “to be” conditions of the operations of Canal’s facilities. This would include housing, internally, Canal’s critical functions and supporting those functions through strategic support by the Power Authority; this support has to be done in such a way that does not distract from NYPA’s 2020 initiative or its strategic and financial goals.

There is a team of approximately 75 individuals, along with Thruway and Canal resources, who are working to ensure that the activities that need to take place from now to day one of the transfer, and beyond, are on track for success. To that extent, the overall organizational structure includes a series of working groups that span among Financial, Human Resources, Information Technology, Shared Services, Communications, Legal, Engineering, Environmental, and Procurement Business Units. Each of the working groups includes staff from Canal, the Thruway and NYPA; the groups have been working very long hours to develop a plan of action on day one of the transfer, and beyond.

The transfer is also being overseen by a management team that includes Tom Concadoro from NYPA and John Callahan from Canal. There is also an Executive Sponsor team comprised of NYPA’s executive and senior managers partnering with the executive leadership of the Thruway. The key to a successful transition is going to be clear, open and frequent communications between every layer of the groups.

This initiative was started about February 2016 with a kickoff meeting. To date, significant milestones, such as the identification of the entanglements for processes, people and procurements have been achieved. The group is now approaching finalizing agreements with Canals. In the fourth quarter of 2016, NYPA will be ready to test those critical processes and procedures such as payroll, procurement, operations and engineering. In December, NYPA will go through the checkpoint readiness process so that on January 1, 2017, NYPA will not only are ready for the transfer, but have contingency plans in place that if any of its automated systems have some setbacks, it will be ready to go manually.

*In response to a question from Chairman Koelmel, Ms. Harriman said that she is feeling positive regarding the transfer. She said this transfer is a very significant endeavor for both NYPA and the Thruway. Although they are going through some “growing pains” in identifying the layers, they have a very good relationship with the groups. Also, if there is a need for executive presence at the working group level, she will ensure that it occurs.*

*Responding to further questioning from Chairman Koelmel, Ms. Harriman said there are no stumbling blocks at this time. The working groups are working at a feverish pace with the mindset that they have to be quick, but efficient and competent. They are meticulous in the process and the activities*
that they are undertaking, but they have an immense dedication to performing and being ready on day one.

Responding to still further questioning from Chairman Koelmel, Ms. Harriman said contracting resources that are known to NYPA have been leveraged and been well-performing partners of NYPA to support this endeavor, conduct risk analysis, environmental health and safety insight and even review practices and procedures to ensure that NYPA brings Canal up to the level of engineering excellence and reputational responsibility that NYPA is well-known.

Responding to another question from Chairman Koelmel, Ms. Harriman said the transaction costs that would incorporate all of the internal, external, and outsource activities falls within the range of $72 - $90 million; this is in addition to the operational burden that NYPA is absorbing or have traded out in terms of that activity.

In response to a question from Trustee McKibben, Ms. Harriman said that in terms of outside sources that the Authority is relying on for the transition and absorption of Canal, KPMG has been engaged as NYPA’s integration partner. They have a team partnering with NYPA who are well-versed in this type of merger and integration of assets. NYPA has also engaged personnel to perform risk assessment in order to understand the state of the assets and where it will need to look for immediate opportunities for improvement. NYPA is also soliciting additional resources to help with environmental health and safety matters. She said there is a “war center” in the White Plains office with personnel, both internal and external to NYPA, working on the Canal integration. That same dynamic will be created in Albany populated with both Thruway and Canal personnel, as well as NYPA’s internal and external resources.

Mr. Lurie added that NYPA has also engaged a third-party firm, Customer Care Network, to work with the Canal management team to identify potential for operational improvements -- ways to reduce costs; ways to provide better customer service -- which NYPA can bring to the system when it integrates with Canal in January.

In response to a comment from Vice Chairman Nicandri, Ms. Harriman said the team’s key priority is to discover all that is needed to in order to make sure Canal runs efficiently and up to NYPA’s engineering and reputational standards.
6. **Enterprise Risk Management:**

   a. **Chief Risk Officer - Update**

      Mr. Soubhagya Parija provided an update of Enterprise Risk Management's activities to the Trustees. (Exhibit “6a-A”)

   **Top Enterprise Risks Update**

      Mr. Parija said the enterprise’s top risks have not changed. However, based on the Board Members’ comments at the last meeting, the ranking of some of the risks have been changed. Risk Management is now addressing those risks and making sure that the action plans recommended through the risk assessment workshops process are being completed.

   **Other Risk Management Activities**

      Mr. Parija said it is important to keep abreast of, and understand what is happening with regard to risk management in the large public power corporations. To that end, he is member of the Committee of Chief Risk Officers, a collection of Chief Risk Officers in power utilities in the United States. As a participant on that committee, he can leverage some of its resources with NYPA’s risk management activities.

   **Commodity Risk**

      The recent Risk Appetite workshop, managed with the assistance of PwC, was very successful.

   **Insurance**

      Enterprise Risk is conducting a Cyber Insurance Gap Analysis in order to understand what is being covered under cyber incidents and to make sure that there are no unnecessary redundancies based on other Authority policies. To that end, Enterprise Risk is in the process of identifying what coverages the Authority needs; what the limits or the deductible should be and how much risk the Authority can accept.

   **Strategic Initiatives:**

   **Business Resiliency**

      Enterprise Risk has initiated a business resiliency program to address incident response, disaster recovery, and emergency and crisis management plans. The goal of the program is to create a platform which is very resilient so that the members can react to, or respond to, different crisis. A strategic “road map” has been established and was presented to the ERMC.

   **Reputation Risk Management**

      Enterprise Risk has defined reputational risk for NYPA. The group has developed a six-month road map and has formed a steering committee to get a consensus on the desired reputation for different stakeholder groups. This will be enhanced with Scenario Planning workshops. Enterprise Risk is also working closely with the Finance group on a strategy for reputational risk and will make presentations to the Trustees regarding the outcome of this project.

      *In response to a question from Chairman Koelmel, Mr. Parija said cyber security is an area of concern for him. Enterprise Risk is working closely with Mr. Ken Lee, the Authority’s new Information Technology Officer, in regard to cyber security. Enterprise Risk is also keeping track of other emerging*
risks. He said the utility industry is changing constantly so Risk Management is working closely with the other Business Units and also partners with other utility businesses in order to understand the emerging risks.
7. Operations & Finance:

a. Utility Operations

   i. Update

   Mr. Joseph Kessler provided an update of the Utility Operations’ activities to the Trustees (Exhibit “7a i-A”).

   **Performance Measures**

   **Generation Market Readiness**

   Generation market readiness for the month of June was above target. The monthly value of 99.77% was above the target of 99.40%. The YTD value of 99.71% was also above the target of 99.40%.

   One significant outage occurred at Niagara’s Lewiston Unit 11. The Unit was returned to service on June 24th.

   **Transmission Reliability**

   June’s performance metric of 94.12% was below the target of 99.18%. The YTD actual of 94.31% was below the target of 94.59%. Staff is confident, however, that the Authority will be able to meet or exceed this target. There was a capacitor bank issue at Marcy and the Long Island section of the Y49 underground cable had to be repaired and modifications were made on the line.

   **Environmental Incidents**

   There were two environmental incidents in June, and a total of nine for the year:

   - Niagara Project -- a hydraulic line failure on a lawn mower resulted in 10 gallons of oil being spilled on the roadway.
   - St. Lawrence Project -- a water quality violation occurred that exceeded TSS and SS limits.

   **Safety**

   The DART (Days Away Restricted or Transferred) Rate for the month of June was below target.

   - There was one DART incident that occurred in June. For the year, there have been 5 DART incidents.
   - The monthly DART Rate was 0.73 and the YTD DART Rate was 0.59, both of which are better than the target of 0.78.

   **Recent Events**

   **NERC CIP version 5 compliance**

   NYPA has successfully completed the Critical Infrastructure Protection (“CIP”) Standards Program that satisfies the requirements of the Version 5 standards prior to the July 1, 2016 enforcement date.
Organizational Changes

Mr. Andy Sumner, Vice President of Project Management, has retired from the Authority after 26 years of service. Ms. Patricia Lombardi will be acting in that capacity and will be responsible for development and implementation of Operation’s large capital projects including the LPGP and Transmission LEM’s.

Mr. Philip Toia has been promoted to Senior Vice President of Power Supply. Mr. Toia has more than 20 years of experience in the utility industry and has been at the Authority’s Clark Energy Center for the last 15 years.
ii. **First 100-Day Plan Overview**

Mr. Joseph Kessler, Executive Vice President of Utility Operations, provided an overview of his first 100-Day plan to the Trustees (Exhibit “7a ii-A”).

**Challenges**

Mr. Kessler said that in collaboration with ERM, Finance, Enterprise Risk and IT, Utility Operations plans to merge NYPA’s 2020 strategic vision within its operations -- health and safety compliance, maintenance and its planning processes. Utility Operations also plans to leverage the strategic initiatives in terms of data analytics and smart G&T and M&D centers and merge those efforts to make sure Operations is at peak operating levels.

The agility of the organization poses some challenges since, traditionally, it measured success on reliability. Now, Utility Operations is trying to be more flexible in terms of optimizing its resources, linking operational decisions through the P&L with some additional metrics, going forward.

**Regulation**

Operations recently completed the NERC CIP Version 5 compliance program.

**Physical and Cyber Security**

Utility Operations reviews operational risks to make sure the employees are safe. To that end, Utility Operations is planning a significant number of drill activities for its staff, going forward.

In terms of disruptive technologies, Utility Operations is creating a cross-functional group with R&D and other groups to make sure it understands technologies and energy transactions which may be different in the future.

**Canal Integration**

Utility Operations will provide technical support to the Canal integration, as required.

**Succession Planning**

Utility Operations is planning to redesign the centralized functions of the technical staff in order to make sure that Technical Compliance and Engineering, Project Management and other groups are aligned in a way that is strategic and agile for the unit, going forward. Operations will work very closely with Human Resources on engaging high potential candidates and developing them.

Utility Operations strives to maintain its dependability that everyone can rely on the Authority to be that safe advocate for smart G&T and energy management, and energy services. The unit wants to align its performance indicators and make sure that it is on track with the metrics. They also want to engage the workforce in succession issues and garner ideas on moving forward.
b. **Commercial Operations**

i. **Update**

Ms. Jill Anderson provided an update of Commercial Operations’ activities to the Trustees (Exhibit “7b-A”).

**Budget**

The Authority’s budget is approximately 17% lower than projected, to date, and this is directly related to the market context. Also, the price of wholesale power is nearly 50% lower than the other products that the Authority sells into the energy markets than projected. The hot weather in July resulted in higher prices and higher merchant revenues for the Authority. Therefore, the Authority will come back in line with its budget. The low prices also resulted in positive impacts, in that the low natural gas prices resulted in low wholesale prices; this made it more efficient for the Authority to buy fuel.

**Hedges**

The hedges that were put in place last year for merchant revenue is positive because the market is a lot stronger than it was. More than $21 million in positive hedging positions have been collected, year-to-date.

_In response to a question from Trustee McKibben, Ms. Anderson said staff has been doing annual schedules for hedging. They have been working very closely with the Enterprise Risk group on an overall update to the strategy on how to manage both the commodity and the merchant revenues. They are also planning to do a multi-year strategy starting next year. To date, hedges for 2016 are completed and the team is currently putting hedges in place for 2017 purchases. As the 2017 portfolio is built, the team will be looking at layering the portfolio, doing a smaller portion for 2018 and maybe 2019._

**Transmission Business Development**

The Authority has two major proposals in the competitive processes for building new infrastructure. These capital investments are in partnership with 1) Western New York with the existing utility, New York State Electric and Gas; and 2) Central New York with a private sector transmission developer that is successful in other parts of the country. So far, the Authority has been successful in the multiple rounds in this competitive process; by early to mid-next year the Authority will know if it will be selected.

**Economic Development**

The Authority continues to secure jobs and capital investments as it enters into contracts for its low-cost power. Approximately 753 megawatts out of 910 MW of power have been allocated under the Recharge New York Program. And, overall, the Authority is tracking close to 415,000 jobs committed and almost $33 billion in capital investments associated with those commitments.

**Energy Efficiency**

On the retail side of Commercial Operations is energy services which include energy efficiency and solar installations on the distributed part of the grid.

The group was projecting this year to be under-recovering as it relates to fees that the Authority receives from those services versus its fixed expenses; about $6.3 million was projected.
Strategic Initiatives

The strategic initiative is an intentional spend. The Authority has currently deployed nearly $5 million worth of grants and other investments for the initiatives.

Some of the big outcomes that the Authority received this year were from investments such as New York Energy Manager. This is the visualization of real-time energy data coming in from its customers across the state. NYPA currently have more than 1,000 buildings connected, giving it 15-minute interval data. That data is being used to do analytics which could then be turned into project opportunities.
ii. **First 100-Day Plan Overview**

Ms. Jill Anderson provided an overview of her first 100-Day Plan to the Trustees (Exhibit “7b ii-A”).

Ms. Anderson said the businesses included in this overview are: Energy Services, Economic Development and Marketing Power Plants. In each of these businesses are areas that have a downward pressure on the Authority.

**Declining Revenues**

The Authority is not covering its fixed costs. This is because customers’ demands are changing. Technologies are different, so the contractual relationships customers are looking for are also different. Therefore, the Authority has to adjust its services, as well.

On the economic development side, some of the challenges that the Authority is facing are related to the value of its power which is at a fixed price. Wholesale market prices are low and therefore that margin is being squeezed. As a result, the Authority is experiencing more issues with customer compliance because the value is lower and the Authority is asking them to retain the same number of jobs.

On the wholesale side, the low price environment that the Authority is in is driven by low natural gas prices with stagnant demand. The days of very volatile prices for wholesale power are most likely behind us. It is now an environment of increased competition because everyone else in this market is feeling the same pressure.

In spite of these challenges, there are opportunities that can help the Authority grow its business. The Authority is getting new project opportunities because of new technologies, e.g. customers are asking for help with such things as upgrading to LED lighting. Also, there are mandates as a result of regulations that are pushing renewable energy faster than they would in a market competitive environment.

On the economic development side, even though the Authority is seeing a squeeze in its margin in some parts of the state, there are other parts of the state, e.g. the down-state region, where the Authority’s value will be sustained.

Finally, there are opportunities to change market rules and modeling, which the Authority has pursued early this year, to get better value from its existing assets. Also, its customer contracts are being renewed to make those contracts more mutually beneficial and not as one-sided as they were in the past.

**Top Priorities**

On the energy services side, the Authority is looking at redesigning and redeploying how it issues grants. The Authority has a break-even goal for its strategic initiatives by 2019. Part of that is being achieved by changes in the organization and realignment is already being implemented.

On the economic development side, the Authority has to better understand where its services are most valuable. All the modeling and analytics have been completed and the Authority now has to do a deep dive on assessing its comparative value across the state. This will help to identify where existing customers are at risk for compliance so that the Authority can intervene early, and make a decision as to whether it should change its whole strategy and give the power where customers are not going to be at risk for noncompliance.
On the customer side of the business, staff is developing a new business plan and an updated allocations strategy to better reflect the current state of the Authority’s value in the market. For example, Energy Risk Management is working on a hedging plan with the Commercial Operations team.

In summary, the Authority is a very mission-driven organization that has many opportunities in the industry to help grow its revenue and its net income. The Authority is focused on improving the environment and on retaining jobs, and it has the talent to achieve those goals.

In response to a comment from Trustee Kress, Ms. Anderson said as the Authority looks at job projections, an account for automation and its impact on longer-term job projections from companies that are seeking low-cost power and incentives from the state will be included in those projections.
**c. Financial Report**

Mr. Robert Lurie provided highlights of the financial report to the Trustees (Exhibit “7c-A”).

**Net Income YTD June 2016**

- Net income for the six months ended June 2016 was $28.1 million, which was $23.9 million higher than the budgeted $4.2 million. A major factor impacting results was the timing of the contribution to the State. The budget assumed a $25 million contribution in June business. This contribution will be considered by the Board early next year.

- Excluding this contribution, net income for the year-to-date was $1.1 million lower than budgeted primarily due to a lower net margin on sales ($45.9 million) and unbudgeted expenses related to the Canal Corp. funding agreement ($18.3 million), substantially offset by lower operating expenses ($51.5 million) and higher income on the Authority's investment portfolio ($10.9 million, primarily mark-to-market gain due to lower than anticipated market interest rates). Margins on market-based sales were lower than budgeted due to significantly lower prices resulting in lower market revenue at Niagara and St. Lawrence. Operating expenses reflected underspending in several programs including Western NY Economic Development and Workforce Development in addition to less than expected O&M spending due to timing.

- Results for the month of June reflected net income of $5.6 million versus a budgeted net loss of $19.3 million. The positive variance of $24.9 million was due primarily to the aforementioned delay in the State contribution. A higher net margin on sales ($3.6 million), lower operating expenses ($8.6 million, less than anticipated spending in several programs) and a mark-to-market gain on the Authority's investment portfolio ($6.5 million, lower market interest rates), were offset by expenses as per the Canal Corp. funding agreement ($18.3 million).

In response to a question from Trustee McKibben, Mr. Lurie said the $14 million reflecting the integration costs for 2016 is pre the Authority formally taking control of the Canal Corporation. Responding to further questioning from Trustee McKibben, Mr. Lurie said staff has provided an estimate for 2017 integration costs and expects that by the end of 2017 the integration will be complete. Staff has an ongoing budget for what it will cost the Authority to operate Canal after improvements and a determination of what it will cost the Authority to integrate it into NYPA have been made.

Mr. Lurie said the reimbursement of expenses this year is $75 million plus the integration expenses.

Mr. Lurie said the Authority has forecasted $66 million of operating expenses for 2017 relating to Canal. The total cost of running Canals is expected to be $66 million of operating expense plus ongoing capital costs of $40-$45 million, for a total cost of approximately $110 million. He said this year, the Authority is responsible for reimbursement costs and integration costs.

In response to a question from Vice Chairman Nicandri, Mr. Lurie said that the forecast includes greatly reduced contributions to the state, which had been $90 million per year, although 2016 results reflect a contribution of $25 million in the first quarter.

Mr. Lurie continued that the impact on the Authority’s debt service coverage ratio should be measured against a target of having operating cash flow exceed 1.75 times its total fixed charges which are its debt service plus its capitalized lease obligations. Prior to the Canal reimbursement and transition expense, the Authority was above that 1.75. For 2016, the Authority will be below that number because of the one-time expenses relating to reimbursement and the transition expenses.

For 2017, without Canal, the ratio would be up at 2.25 times. With the Canal expense on an ongoing basis the ratio would be at 1.97. If the one-time transition expenses expected for 2017 is
included, the Authority will be just above its target ratio of 1.83. Once the Authority finishes with the transition expenses for 2017, it expects that for 2018, and beyond, with appropriate management action, the outlook with respect to that ratio should be positive.

Responding to a comment from Chairman Koelmel, Mr. Lurie said this year the Authority has the challenge of the transition expense, but staff believes that, going forward, the outlook will be within the rating agencies’ parameters. He said that as the Authority learns more about Canal and figure out how it can operate it differently, it will have more information regarding the exact expenses it will incur.

Mr. Lurie ended by saying that the Authority is seeing historically low interest rates. For example, interest rates on 30-year municipal bonds at the beginning of January were about 2.8 percent which is very low. This opens opportunities for the Authority to take advantage of those low interest rates in three different areas:

1) The Authority can refinance existing debt. Staff believes that there is about $220 million worth of bonds the Authority can call in early and lower the interest rates on those bonds to save about $22 million on a present value basis.

2) The Authority can take some of the capital funding for its transmission program to take advantage of low rates. Staff has identified approximately $175 million of expenditures for that opportunity.

3) Since loans to the Authority’s customers for their energy efficiency projects are usually variable rate loans funded with the Authority’s variable rate debt (commercial paper), since rates are low, the Authority can request that customers fix out some of those loans and the Authority would match it with its own fixed rate debt issuance and retire some of its commercial paper.

Assuming interest rates stay where they are, the Authority could have as much as $400 or $500 million in financing opportunity; therefore, staff will request that the Board authorize these opportunities at the September Board meeting.
The President and Chief Executive Officer submitted the following report:

"SUMMARY

The Trustees are requested to:

1. award allocations of Recharge New York (‘RNY’) Power available for ‘retention’ purposes to the businesses listed in Exhibit ‘7d i-A’ in the amounts indicated therein;

2. award allocations of RNY Power available for ‘expansion’ purposes to the businesses listed in Exhibit ‘7d i-B’ in the amounts indicated therein; and

3. award allocations of RNY Power available for eligible small businesses and not-for-profit corporations to the small businesses listed in Exhibit ‘7d i-C’ in the amounts indicated therein.

These actions have been recommended by the Economic Development Power Allocation Board (‘EDPAB’) at its July 25, 2016 meeting.

BACKGROUND

On April 14, 2011, Governor Andrew M. Cuomo signed into law the RNY Power Program as part of Chapter 60 (Part CC) of the Laws of 2011 (‘Chapter 60’). The program makes available 910 megawatts (‘MW’) of ‘RNY Power,’ 50% of which will be provided by the Authority’s hydropower resources and 50% of which will be procured by the Authority from other sources. RNY Power contracts can be for a term of up to seven years in exchange for job and capital investment commitments.

RNY Power is available to businesses and not-for-profit corporations for job retention and business expansion and attraction purposes. Specifically, Chapter 60 provides that at least 350 MW of RNY Power shall be dedicated to facilities in the service territories served by the New York State Electric and Gas, National Grid and Rochester Gas and Electric utility companies; at least 200 MW of RNY Power shall be dedicated to the purpose of attracting new businesses and encouraging expansion of existing businesses statewide; and up to 100 MW shall be dedicated for eligible not-for-profit corporations and eligible small businesses statewide.

Under the statute, ‘eligible applicant’ is defined to mean an eligible business, eligible small business, or eligible not-for-profit corporation, however, an eligible applicant shall not include retail businesses as defined by EDPAB, including, without limitation, sports venues, gaming or entertainment-related establishments or places of overnight accommodations. At its meeting on April 24, 2012, EDPAB defined a retail business as a business that is primarily used in making retail sales of goods or services to customers who personally visit such facilities to obtain goods or services, consistent with the rules previously promulgated by EDPAB for implementation of the Authority’s Economic Development Power program.

Prior to entering into a contract with an eligible applicant for the sale of RNY Power, and prior to the provision of electric service relating to a RNY Power allocation, the Authority must offer each eligible applicant that has received an award of RNY Power the option to decline to purchase the RNY Market Power component of such award. If the applicant declines to purchase the RNY Market Power component from the Authority, the Authority has no responsibility for supplying RNY Market Power component of the award.
As part of Governor Andrew M. Cuomo’s initiative to foster business activity and streamline economic development, applications for all statewide economic development programs, including the RNY Power Program, have been incorporated into a single on-line Consolidated Funding Application (‘CFA’) marking a fundamental shift in how State economic development resources are marketed and allocated. Beginning in September 2011, the CFA was available to applicants. The CFA continues to serve as an efficient and effective tool to streamline and expedite the State’s efforts to generate sustainable economic growth and employment opportunities. All applications that are considered for an RNY Power allocation are submitted through the CFA process.

Applications for RNY Power are subject to a competitive evaluation process and are evaluated based on the following criteria set forth in the statutes providing for the RNY Power Program (the ‘RNY Statutes’):

‘(i) the significance of the cost of electricity to the applicant’s overall cost of doing business, and the impact that a recharge New York power allocation will have on the applicant's operating costs;

(ii) the extent to which a recharge New York power allocation will result in new capital investment in the state by the applicant;

(iii) the extent to which a recharge New York power allocation is consistent with any regional economic development council strategies and priorities;

(iv) the type and cost of buildings, equipment and facilities to be constructed, enlarged or installed if the applicant were to receive an allocation;

(v) the applicant's payroll, salaries, benefits and number of jobs at the facility for which a recharge New York power allocation is requested;

(vi) the number of jobs that will be created or retained within the state in relation to the requested recharge New York power allocation, and the extent to which the applicant will agree to commit to creating or retaining such jobs as a condition to receiving a recharge New York power allocation;

(vii) whether the applicant, due to the cost of electricity, is at risk of closing or curtailing facilities or operations in the state, relocating facilities or operations out of the state, or losing a significant number of jobs in the state, in the absence of a recharge New York power allocation;

(viii) the significance of the applicant's facility that would receive the recharge New York power allocation to the economy of the area in which such facility is located;

(ix) the extent to which the applicant has invested in energy efficiency measures, will agree to participate in or perform energy audits of its facilities, will agree to participate in energy efficiency programs of the authority, or will commit to implement or otherwise make tangible investments in energy efficiency measures as a condition to receiving a recharge New York power allocation;

(x) whether the applicant receives a hydroelectric power allocation or benefits supported by the sale of hydroelectric power under another program administered in whole or in part by the authority;

(xi) the extent to which a recharge New York power allocation will result in an advantage for an applicant in relation to the applicant’s competitors within the state; and

(xii) in addition to the foregoing criteria, in the case of a not-for-profit corporation, whether the applicant provides critical services or substantial benefits to the local community in which the facility for which the allocation is requested is located.’
Based on the evaluation of these criteria, the applications were scored and ranked. Evaluations also considered scores provided by the relevant Regional Economic Development Council under the third and eighth criteria.

In arriving at recommendations for RNY Power for EDPAB’s consideration, staff, among other things, attempted to maximize the economic benefits of low-cost NYPA hydropower, the critical state asset at the core of the RNY Power Program, while attempting to ensure that each recipient receives a meaningful RNY Power allocation.

Business applicants with relatively high scores were recommended for allocations of retention RNY Power of 50% of the requested amount or average historic demand, whichever was lower. These allocations were capped at 10 MW for any recommended allocation. Not-for-profit corporation applicants that scored relatively high were recommended for allocations of 33% of the requested amount or average historic demand, whichever was lower. These allocations were capped at 5 MW. Applicants currently receiving hydropower allocations under other Authority power programs were recommended for allocations of RNY Power of 25% of the requested amount, subject to the caps as stated above.

RNY Power allocations have been awarded by the Trustees on fourteen prior occasions spanning from April 2012 through March 2016. Of the 200 MW block of RNY Power made available pursuant to Chapter 60 for business ‘expansion’ purposes, 104.6 MW remain unallocated. Of the 100 MW of RNY Power that was set aside for not-for-profit corporations and small businesses pursuant to Chapter 60, 10.6 MW remain unallocated. Of the remaining RNY Power made available pursuant to Chapter 60, 40.7 MW remain unallocated.

These figures reflect Trustee actions on RNY Power applications taken prior to any actions the Trustees take today.

DISCUSSION

1. Retention-Based RNY Power Allocations – Action Item

The Trustees are asked to address applications submitted via the CFA process for RNY Power retention-based allocations. Consistent with the evaluation process as described above, EDPAB recommended at its July 25, 2016 meeting that RNY Power retention allocations be awarded to the businesses listed in Exhibit ‘7d i-A.’ Each business has committed to retain jobs in New York State and to make capital investments at their facilities in exchange for the recommended RNY Power allocations.

The RNY Power ‘retention’ allocations identified in Exhibit ‘7d i-A’ are each recommended for a term of seven years unless otherwise indicated. An allocation recommended by EDPAB qualifies the subject applicant to enter into a contract with the Authority for the purchase of the RNY Power. The Authority’s standard RNY Power contract template, approved by the Trustees at their March 27, 2012 meeting, contains provisions addressing such things as effective periodic audits of the recipient of an allocation for the purpose of determining contract and program compliance, and for the partial or complete withdrawal of an allocation if the recipient fails to maintain mutually agreed-upon commitments, relating to among other things, employment levels, power utilization, and capital investments. In addition, there is a requirement that a recipient of an allocation perform an energy efficiency audit at its facility not less than once during the first five years of the term of the allocation.

2. Expansion-Based RNY Power Allocations – Action Item

The Trustees are also asked to address applications submitted for RNY Power expansion-based allocations via the CFA process which request allocations from the 200 MW block of RNY Power dedicated by statute for ‘for-profit’ businesses that propose to expand existing businesses or create new business in the State. These applications sought a RNY Power allocation for expansion only, in the case
of a new business or facility. EDPAB recommended at its July 25, 2016 meeting that RNY Power expansion-based allocations be made to the businesses listed in Exhibit ‘7d i-B.’ Each such allocation would be for a term of seven years unless otherwise indicated.

As with the evaluation process used for the retention recommendations described above, applications for the expansion-based RNY Power were scored based on the statutory criteria, albeit with a focus on information regarding each applicants’ specific project to expand or create their new facility or business (e.g., the expansion project’s cost, associated job creation, and new electric load due to the expansion).

The respective amounts of the expansion-related allocations listed in Exhibit ‘7d i-B’ are largely intended to provide approximately 70% of the individual expansion projects’ estimated new electric load. Because these projects have estimated new electric load amounts, and to ensure that an applicant’s overestimation of the amount needed would not cause that applicant to receive a higher proportion of RNY Power to new load, the allocations in Exhibit ‘7d i-B’ are recommended based on an ‘up to’ amount basis. Each of these applicants would be required to, among other commitments, add the new electric load as stated in their application, and would be allowed to use up to the amount of their RNY Power allocation in the same proportion of the RNY Power allocation to requested load as stated in Exhibit ‘7d i-B.’ The contracts for these allocations would also contain the standard provisions previously summarized in the last paragraph of Section 1 above.

3. **Small Business and/or Not-for-Profit-Based RNY Power Allocations – Action Item**

In addition, the Trustees are asked to address applications submitted via the CFA process for RNY Power for eligible small businesses. Chapter 60 specifies that no more than 100 MW of RNY Power may be made available for eligible small businesses and eligible not-for-profit corporations. Consistent with the evaluation process as described above, EDPAB recommended at its July 25, 2016 meeting that RNY Power allocations be awarded to the small business applicants listed in Exhibit ‘7d i-C.’ (There are no not-for-profit applicants for RNY Power presented in this round.) These applicants have committed to retain or create jobs in New York State and make capital investments to the extent indicated in Exhibit ‘7d i-C’ in exchange for the recommended RNY Power allocations as described in Exhibit ‘7d i-C’. The RNY Power allocations identified in Exhibit ‘7d i-C’ are recommended for a term of seven years except as otherwise indicated. The sale contract would contain the types of standard contract provisions summarized in Section 1 above.

4. **EDPAB – Applicants Not Recommended – Informational Item**

At its meeting on July 25, 2016, EDPAB determined to not recommend the applicants listed on Exhibit ‘7d i-D’ for a RNY Power allocation for the reasons specified on Exhibit ‘7d i-D’. No action by the Trustees is required on these applications.

5. **EDPAB – Termination of Application/Review Process – Informational Item**

At its meeting on July 25, 2016, EDPAB terminated the application review process for the applicants listed on Exhibit ‘7d i-E’ for the reasons listed on Exhibit ‘7d i-E’. No action by the Trustees is required on this matter. In the past, some applicants in these circumstances have decided to refile and advance more complete applications for RNY Power.

**RECOMMENDATION**

The Manager - Business Power Allocations and Compliance recommends that the Trustees: (1) award the allocations of RNY Power for retention purposes to the businesses listed in Exhibit ‘7d i-A’ as indicated therein; (2) award the allocations of RNY Power for expansion purposes to the businesses listed in Exhibit ‘7d i-B’ as indicated therein; and (3) award the allocations of RNY Power for the small business applicants identified in Exhibit ‘7d i-C’ for both retention and expansion purposes as indicated therein.
For the reasons stated, I recommend the approval of the above-requested action by adoption of the resolution below."

Upon motion made by Vice Chairman Nicandri and seconded by Trustee McKibben, the following resolution, as submitted by the President and Chief Executive Officer, was unanimously adopted.

WHEREAS, the Economic Development Power Allocation Board (“EDPAB”) has recommended that the Authority award Recharge New York ("RNY") Power allocations for retention purposes to the applicants listed in Exhibit "7d i-A" in the amounts indicated; and

WHEREAS, EDPAB has recommended that the Authority award RNY Power allocations for expansion purposes to the applicants listed in Exhibit “7d i-B” in the amounts indicated; and

WHEREAS, EDPAB has recommended that the Authority award RNY Power allocations for retention and expansion purposes to the small business applicants listed in Exhibit “7d i-C” in the amounts indicated;

NOW THEREFORE BE IT RESOLVED, That upon considering the foregoing report of the President and Chief Executive Officer and the accompanying exhibits, the Authority hereby awards allocations of RNY Power for retention purposes to the applicants listed on Exhibit “7d i-A” in the amounts indicated; and be it further

RESOLVED, That upon considering the foregoing report of the President and Chief Executive Officer and the accompanying exhibits, the Authority hereby awards the allocations of RNY Power for expansion purposes to the applicants listed on Exhibit “7d i-B” in the amounts indicated; and be it further

RESOLVED, That upon considering the foregoing report of the President and Chief Executive Officer and the accompanying exhibits, the Authority hereby awards the allocations of RNY Power for the small business applicants listed on Exhibit “7d i-C” in the amounts indicated; and be it further

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

The President and Chief Executive Officer submitted the following report:

“**SUMMARY**

The Trustees are requested to approve an allocation of 100 kilowatts (‘kW’) of Replacement Power (‘RP’) to Niagara Coatings Services, Inc. (‘Niagara Coatings’) which is planning to expand its current operations located in the Town of Niagara, NY. The allocation would support capital investment of at least $475,000 and the creation of at least 3 jobs in Western New York (‘WNY’).

**BACKGROUND**

Under PAL §1005(13), the Authority may contract to allocate 250 megawatts (‘MW’) of firm hydroelectric power as Expansion Power (‘EP’) and up to 445 MW of RP to businesses in the State located within 30 miles of the Niagara Power Project, provided that the amount of power allocated to businesses in Chautauqua County on January 1, 1987 shall continue to be allocated in such county.

Each application for an allocation of EP and RP must be evaluated under criteria that include, but need not be limited to, those set forth in PAL §1005(13)(a), which details general eligibility requirements. Among the factors to be considered when evaluating a request for an allocation of hydropower are the number of jobs created as a result of the allocation; the business’ long-term commitment to the region as evidenced by the current and/or planned capital investment in the business’ facilities in the region; the ratio of the number of jobs to be created to the amount of power requested; the types of jobs to be created, as measured by wage and benefit levels, security and stability of employment, and the type and cost of buildings, equipment and facilities to be constructed, enlarged or installed.

The Authority works closely with business associations, local distribution companies and economic development entities to garner support for the projects to be recommended for allocations of Authority hydropower. Discussions routinely occur with National Grid, Empire State Development, Buffalo Niagara Enterprise, Niagara County Center for Economic Development, and Erie County Industrial Development Agency to coordinate other economic development incentives that may help bring economic development to New York State. Staff confers with these entities to help maximize the value of hydropower to improve the economy of WNY and the State of New York. Each organization has expressed support for the recommended allocation.

**DISCUSSION**

**Background**

At this time, 19,967 kW of unallocated EP and 46,793 kW of unallocated RP is available to be awarded to businesses under the criteria set forth in PAL §1005(13)(a).

**Niagara Coatings Services, Inc.**

In business in the Town of Niagara since 1974, Niagara Coatings performs sandblasting, coating and painting services of industrial equipment and structures for manufacturers, structural steel fabricators, power plants and mechanical contractors.

Niagara Coatings currently employs 25 persons at its facility at 8025 Quarry Road in Niagara and is in compliance with its commitments relating to its existing RP allocation of 200 kW.

Niagara Coatings is looking to expand its services by opening a second production facility at 8300 Quarry Road. The building is already owned by Niagara Coatings. The plan is to have this facility operational at some point in the summer of 2016.
A total investment of $475,000 would be used for the purchase and installation of a blasting booth, new compressor and new air filter system at this second facility. At least three new jobs would be created as a result of this expansion.

The job creation ratio for the proposed allocation of 100 kW is 30 new jobs per MW. This ratio is above the historic average of 28 new jobs per MW based on allocations made during the past six years. The total project investment of at least $475,000 would result in a capital investment ratio of $4.8 million per MW. This ratio is below the five-year historic average of $23.5 million per MW.

Staff recommends an allocation of 100 kW of RP be awarded to Niagara Coatings in support of its proposed expansion, which includes a capital investment of at least $475,000 and the creation of at least three new jobs at its facility in the Town of Niagara, as further detailed in Exhibits ‘7d ii-A’ and ‘7d ii-A-1.’

Niagara Coatings is an existing Authority customer with a hydropower contract that has already been subject to the public review and approval process of PAL § 1009 (‘1009 Process’). The existing contract provides that additional allocations (and associated commitments) may be added to the contract. Accordingly, there is no need to subject this contract to the 1009 Process again in connection with the proposed RP allocation for Niagara Coatings.

RECOMMENDATION

The Vice President - Marketing, recommends that the Trustees approve an allocation of 100 kW of Replacement Power to Niagara Coatings for the expansion of its operations in Niagara, NY, as further described herein and in Exhibits ‘7d ii-A’ and ‘7d ii-A-1.’

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

Upon motion made by Trustee McKibben and seconded by Vice Chairman Nicandri, the following resolution, as submitted by the President and Chief Executive Officer, was unanimously adopted.

RESOLVED, That (i) an allocation of 100 kilowatts (“kW”) of Replacement Power (“RP”) to Niagara Coatings Services, Inc., for the expansion of its operations in Niagara, NY as detailed in the foregoing report of the President and Chief Executive Officer and Exhibits “7d ii-A” and “7d ii-A-1” be, and hereby is, approved; and be it further

RESOLVED, That the Chairman, the Vice Chairman, the President and Chief Executive Officer, the Chief Operating Officer and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things, take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.
iii. **Preservation Power Allocation and Notice of Public Hearing**

The President and Chief Executive Officer submitted the following report:

**SUMMARY**

The Trustees are requested to approve an allocation of 600 kilowatts (kW) of available Preservation Power (‘PP’) to Roth Industries Inc. (‘Roth’) for use at its facility at 268 Bellew Avenue South, Watertown, Jefferson County, NY, as further described herein and in Exhibits ‘7d iii-A’ and ‘7d iii-A-1.’ This allocation would support capital investment of at least $6.7 million and the creation of at least 8 jobs at the Watertown facility. The Trustees are also requested to authorize a public hearing pursuant to Public Authorities Law (‘PAL’) §1009 on the proposed direct sale contract, the current form of which is attached as Exhibit ‘7d iii-B.’

**BACKGROUND**

Chapter 313 of the Laws of 2005 established the PP program set forth in §1005(13) of the PAL. In summary, PAL §1005(13) authorizes the allocation of 490 megawatts (‘MW’) of PP to businesses in Franklin, Jefferson and St. Lawrence counties, and applies the same allocation criteria that pertain to the allocations of Replacement Power and Expansion Power.

Among the factors to be considered when evaluating a request for an allocation of hydropower are the number of jobs created as a result of the allocation; the business’ long-term commitment to the region as evidenced by the current and/or planned capital investment in the business’ facilities in the region; the ratio of the number of jobs to be created to the amount of power requested; the types of jobs created, as measured by wage and benefit levels, security and stability of employment and the type and cost of buildings, equipment and facilities to be constructed, enlarged or installed.

The Authority works closely with business associations, local distribution companies and economic development entities to garner support for the projects to be recommended for allocations of Authority hydropower. For PP, NYPA confers with Franklin, Jefferson and St. Lawrence counties along with the Northern New York (‘NNY’) representative of the Empire State Development Corporation (‘ESD’) to coordinate other economic development incentives that could help bring projects to New York State. Staff discusses potential recommendations with these entities to help maximize the value of hydropower to improve the economy of NNY and New York State. Each organization has expressed support for the following recommended allocation.

There is currently 3,350 kW of PP available to allocate to qualified businesses.

**DISCUSSION**

**Roth Industries Inc.**

Roth is a German-based company. The Watertown facility began production in January 2007 and was Roth’s first U.S. manufacturing facility. Roth operates a second facility in Syracuse.

The Watertown facility at 268 Bellew Avenue South currently employs 12 employees. The Syracuse facility at One General Motors Drive employs 15 employees.

The products Roth produces include domestic hot water solar and geothermal heat pumps, radiant floor heating and PEX-c plumbing systems, and septic, cistern, rainwater collection and oil storage systems and tanks.

In order to enhance production capacity, reduce redundancy and improve competitiveness, Roth is planning an expansion project at its Watertown facility. The plans call for a 27,000-square-foot expansion...
to its existing facility, a $6.7 million investment and the creation of 8 new jobs. The new employees will allow Roth to add a third shift and begin balancing manufacturing loads between the Syracuse and Watertown facilities. Construction would start in the fall of 2016 and operations would begin in June 2017.

The total investment of at least $6.7 million would be used for the purchase and installation of equipment and construction of the building addition. This investment is expected to break down as follows: building construction, $3 million; blow molder, $3.3 million; grinders, $260,000; pumps/compressors, $100,000; and miscellaneous equipment, $50,000. The 8 new jobs have an average salary/benefits package of $52,000.

Roth has also received support and incentives in the form of a traditional PILOT and sales tax incentives from the Jefferson County IDA and $425,000 in Excelsior tax credits from Empire State Development Corporation.

Roth’s commitment to create 8 new jobs would result in a job creation ratio of 13 new jobs per MW based on an allocation of 600 kW. This ratio is below the historic average of 28 new jobs per MW based on allocations made since 2010. The total project investment of $6.7 million would result in a capital investment ratio of $11.17 million per MW. This ratio is below the six-year historic average of $23.5 million per MW. When comparing the past five non-Alcoa PP awards, the average jobs per MW awarded is 30.6 and the average investment per MW awarded is $7.7 million.

Staff recommends an allocation of 600 kW of PP be awarded to Roth in support of an investment of at least $6.7 million and the creation of at least 8 new jobs at Roth’s Watertown facility, as further detailed in Exhibits ‘7d iii-A’ and ‘7d iii-A-1.’

CONTRACT INFORMATION

The Authority is in the process of discussing the proposed hydropower sales contract with Roth and anticipates receiving Roth’s agreement to a contract substantially similar to the form attached as Exhibit ‘7d iii-B.’ Accordingly, the Trustees are requested to authorize a public hearing, pursuant to PAL §1009, on the contract form attached as Exhibit ‘7d iii-B.’

As required by PAL §1009, when the Authority believes it has reached agreement with its prospective co-party on a contract for the sale of PP, it will transmit the proposed form of the contract to the Governor and other elected officials, and hold a public hearing on the contract. At least 30-days’ notice of the hearing must be given by publication once in each week during such period in each of six selected newspapers. Following the public hearing, the form of the contract may be modified, if advisable. Staff will report to the Board of Trustees on the public hearing and the proposed contract at a later time and make additional recommendations regarding the proposed contract.

Upon approval of the final proposed contract by the Authority, the Authority ‘reports’ the proposed contract, along with its recommendations and the public hearing records, to the Governor and other elected officials. Upon approval by the Governor, the Authority may execute the contract.

The general form of the proposed contract is consistent with recently-approved contracts for the sale of PP. Some pertinent provisions of the proposed form of the contract include the provision for direct billing of all production charges (i.e., demand and energy) as well as all New York Independent System Operator, Inc. (‘NYISO’) charges, plus taxes or any other required assessments, as set forth in the Authority’s Service Tariff No. 10. The proposed form of contract would also include (i) commercially reasonable provisions relating to financial security to reflect a direct billing arrangement between the Authority and its PP customers; and (ii) provisions authorizing data transfers and addressing other utility-driven requirements which are necessary for efficient program implementation. Such provisions have been used in other Authority contract forms, including the Authority’s Recharge New York Power Program contracts.
The provision of electric service for all hydropower allocations are subject to enforceable employment and usage commitments. The standard contract form includes annual job reporting requirements and a job compliance threshold of 90%. Should actual jobs reported by any company receiving a hydropower allocation fall below the compliance threshold, the Authority has the right to reduce the allocation on a pro-rata basis as provided for in the contract.

The recommended allocation would be sold pursuant to the Authority’s Service Tariff No. 10, also included in Exhibit ’7d iii-B.’ Transmission and delivery service would be provided by National Grid or New York State Electric & Gas in accordance with its Public Service Commission-filed service tariffs.

RECOMMENDATION

The Vice President - Marketing, recommends that the Trustees approve an allocation of 600 kW of Preservation Power to Roth Industries, Inc. (‘Roth’) for use at its facilities in Watertown, Jefferson County, as further described herein and in Exhibits ‘7d iii-A’ and ‘7d iii-A-1.’

The Trustees are also requested to authorize the Corporate Secretary to convene a public hearing on the form of the proposed contract finally negotiated with Roth, the current form of which is attached as Exhibit ‘7d iii-B,’ and transmit copies of the proposed form of contract to the Governor and legislative leaders pursuant to PAL §1009.

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

Upon motion made by Vice Chairman Nicandri and seconded by Trustee McKibben, the following resolution, as submitted by the President and Chief Executive Officer, was unanimously adopted.

RESOLVED, That an allocation of 600 kilowatts (“kW”) of Preservation Power (“PP”) to Roth Industries Inc. (“Roth”), as detailed in the foregoing report of the President and Chief Executive Officer and Exhibits “7d iii-A” and “7d iii-A-1,” be, and hereby is, approved; and be it further

RESOLVED, That the Trustees hereby authorize a public hearing pursuant to Public Authorities Law (“PAL”) §1009 on the terms of the proposed form of the direct sale contract for the sale of PP finally negotiated with Roth (the “Contract”), the current form of which is attached as Exhibit “7d iii-B,” subject to rates previously approved by the Trustees; and be it further

RESOLVED, That the Corporate Secretary be, and hereby is, authorized to transmit a copy of the proposed Contract to the Governor, the Speaker of the Assembly, the Minority Leader of the Assembly, the Chairman of the Assembly Ways and Means Committee, the Temporary President of the Senate, the Minority Leader of the Senate and the Chairman of the Senate Finance Committee pursuant to PAL §1009; and be it further

RESOLVED, That in connection with the proposed Contract, the Corporate Secretary be, and hereby is, authorized to arrange for the publication of a notice of
public hearing in six newspapers throughout the State, in accordance with the provisions of PAL §1009; and be it further

RESOLVED, That the Chairman, the Vice Chairman, the President and Chief Executive Officer, the Chief Operating Officer and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things, take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.
iv. Annual Compliance Review – Expansion, Replacement and Preservation Power Programs

The President and Chief Executive Officer submitted the following report:

“SUMMARY

Authority staff has conducted annual compliance review of customers in Western New York receiving hydropower under the Expansion Power (‘EP’) and Replacement Power (‘RP’) Programs in Western New York, and customers in Northern New York receiving Preservation Power (‘PP’) (collectively, ‘Hydropower’), covering the reporting period of January 2015 through December 2015 (the ‘Reporting Period’). The compliance review examined contract compliance in three areas: (1) job retention; (2) power utilization; and (3) capital investment. As provided for in each customer’s contract, these customers began submitting their compliance reports to the Authority in February 2016.

The purpose of this memorandum is to inform the Trustees of the results of the compliance review. In addition, the Trustees are asked to authorize the reduction of hydropower allocations for specific customers who have failed to meet job retention, capital investment, or power utilization commitments, or a combination of these commitments. As detailed below, the underlying Hydropower contracts require customers to achieve at least a 90% compliance rate in the three commitment areas noted. At this time, Authority staff is recommending enforcement of the contract commitments for specific customers that have an allocation of greater than 100 kilowatts (‘kW’) of Hydropower who have failed to achieve at least a 90% compliance level for job retention commitments, capital investment commitments, power utilization commitments, or a combination of these commitments. In summary:

(1) As described in Exhibit ‘7d iv-A,’ the compliance level of each of the 9 Hydropower customers listed fell below 90% of the relevant contractual commitment for jobs for the Reporting Period. Staff recommends that the contract demands and Hydropower allocations for each such customer be reduced to the amounts indicated on Exhibit ‘7d iv-A.’ In addition, staff recommends that the Authority be authorized to adjust the job commitments for these customers as indicated on Exhibit ‘7d iv-A’ to reflect the reduced contract demands and Hydropower allocations.

(2) As described in Exhibit ‘7d iv-B,’ the compliance level of each of the 9 Hydropower customers listed fell below 90% of the relevant power utilization commitment. Staff recommends that the contract demands and Hydropower allocations for each such customer be reduced to the amounts indicated on Exhibit ‘7d iv-B.’ In addition, staff recommends that the Authority be authorized to adjust job commitments for these customers as indicated on Exhibit ‘7d iv-B’ to reflect the reduced contract demands and Hydropower allocations.

(3) As described in Exhibit ‘7d iv-C,’ the compliance level of each of the 3 Hydropower customers listed fell below 90% of the relevant contractual commitment for capital investment. Staff recommends that the contract demands and Hydropower allocations for these customers be reduced to the amounts indicated on Exhibit ‘7d iv-C.’ In addition, staff recommends that the Authority be authorized to adjust the job and/or capital investment commitments for these customers as indicated on Exhibit ‘7d iv-C’ to reflect the reduced contract demands and Hydropower allocations.

Where a customer has failed to meet a commitment for jobs and also a commitment for either power utilization or capital investment, the recommendations made for compliance enforcement action, as to such customer, addresses all such deficiencies.

Staff may return to the Board at a later time for additional compliance reporting and recommendations regarding these and other Hydropower customers.
BACKGROUND

In addition to the basic requirement to pay for electric service, Hydropower contracts typically provide for several ‘supplemental’ commitments by the customer relating to (1) job creation and/or retention, (2) capital investment, and/or (3) power utilization (collectively, ‘Supplemental Commitments’).

Each year staff performs a review of all in-service Hydropower allocation contracts for compliance with Supplemental Commitments. In or around 2013, most RP and EP allocations began service under new contracts that were negotiated and approved by the Trustees in 2010, which require, among other commitments, annual capital investment commitments.

To facilitate compliance review and contract enforcement, nearly all Hydropower contracts require customers to report information on the Supplemental Commitments. Customers are required to report pertinent information no later than February 28 of each year for the prior 12-month reporting period from January through December.

As more specifically detailed in the Hydropower contracts, if a customer’s report indicates that any of its Supplemental Commitments for the reporting period is below the compliance threshold of 90%, the Authority may take action against the customer, which may include reducing the customer’s power allocation on a pro rata basis. Pro-rata reductions taken are rounded up to the nearest 50 kilowatts.

Compliance reviews in past years have focused primarily on employment levels. With the addition of capital investment commitments to Hydropower contracts, staff has taken a more holistic approach to compliance review for the current Reporting Period. For example, if a customer is modestly deficient in one compliance area, but well above its commitment level in another, staff will consider this factor, among others, when considering recommendations for possible enforcement action. As has always been the case, customers are given the opportunity to explain any extenuating circumstances they believe may have caused a compliance shortfall during the reporting year. Accordingly, staff’s analysis and the recommendations contained herein do not represent a ‘black and white’ analysis. Rather, staff has taken a ‘big picture’ approach that includes, where reasonable, appropriate consideration of individual or unique circumstances affecting customers. Staff is also focusing more carefully on power utilization by Hydropower customers. Authority Hydropower is a valuable asset. A customer’s failure to make use of an allocation as provided for in the Hydropower Contract can result in ‘idle’ Hydropower being unavailable for sale to other businesses that are willing to make job, capital investment and other commitments in exchange for the opportunity to receive Hydropower. Finally, consistent with established practice, staff considers the condition of the economy when considering whether to take compliance action and the approach that will be recommended.

DISCUSSION

1. Background

Staff has completed its annual compliance review of all in-service WNY Hydropower allocation contracts for compliance with Supplemental Commitments. In 2015, the Authority had 116 Hydropower customers who collectively were receiving a total of 214 Hydropower allocations under the RP, EP, and PP programs. Of these, a total of 112 customers holding 205 allocations were required to report compliance levels for 2015. Of this number, the Authority received reports from 109 customers covering 200 Hydropower allocations. The contracts reviewed by staff represent total power allocations of 1,082

† In addition to the annual compliance review, each year the Authority’s Internal Audit group, with the assistance of an independent auditor retained by the Authority, randomly selects customers whose annual compliance report is reviewed for accuracy. This year, a job reporting audit and a capital investment spending audit was performed by an auditing firm. The audits are designed to help staff validate reported information. Audited customers receive feedback on the audit results, including guidance for future submittals.
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megawatts and total employment commitments of 31,277 jobs. In the aggregate, these customers reported actual employment of 31,495 jobs. This represents 101% of the total job commitment for Hydropower customers reporting in 2015.

In addition, the reported aggregate capital investment spending during the Reporting Period totaled $425 million out of a total commitment level of $140 million. The results showed a majority of companies have met or exceeded their 90% compliance threshold for capital investments during this Reporting Period.

A total of 80 companies reviewed were found to be compliant in all three Supplemental Commitments. However, 29 companies were found not to be compliant for at least one Supplemental Commitment, which include two companies that are currently in the process of renegotiating the terms of their Hydropower contracts with the Authority as discussed in Section 3 below. The Authority did not receive compliance reporting data from three companies, of which, two of these companies dropped out of the Hydropower programs since required to report.

Many of the non-compliant customers cited business/financial-related challenges, including the lingering effects of the 2008-2009 economic downturn, the loss of business due to a depressed industry/economy, and/or increased global competition. Some customers continue to indicate that lingering effects of the recession created severe market disruption for businesses, as many producers scrambled for the lowest-cost sourcing to remain viable. Businesses that placed a premium on manufacturing high quality products began losing to low-cost competitors. Some companies have chosen to relocate operations.

Based on the Hydropower contract, the applicable tariff, and the Authority’s regulations, the Authority has a number of options available to respond to a customer that is in breach of contractual obligations, including, for example, termination of the contract, suspension of electric service, and reduction of the amount of a customer’s Hydropower allocation and contract demand.

As noted, the underlying Hydropower contracts require customers to achieve at least a 90% compliance rate with respect to the three Supplemental Commitment areas noted. At this time, staff is recommending enforcement of the contract commitments for virtually all Hydropower customers who have failed to achieve at least a 90% compliance level for job retention commitments, capital investment commitments, power utilization commitments, or a combination of these commitments. (Where a customer was non-compliant in job commitments and one or more other commitments, staff uniformly used the customer’s job numbers to calculate recommended reductions in contract demands and allocations.) Staff is also recommending that the Authority be authorized to adjust job commitments and/or capital investment commitments proportionately, as discussed below, to reflect reduced Hydropower allocations and contract demands. Information relating to these customers is provided in Exhibits ‘7d iv-A,’ ‘7d iv-B,’ and ‘7d iv-C.’

For reasons discussed below in Section 3 and in Exhibit ‘7d iv-D,’ staff is not recommending formal compliance enforcement action be taken regarding the 9 Hydropower customers listed on Exhibit ‘7d iv-D’ whose reported data indicate they failed to achieve at least a 90% compliance rate for the Supplemental Commitment indicated.

Staff intends to suspend electric service for the single customer listed on Exhibit ‘7d iv-E’ that failed to file a compliance report for the Reporting Period as required by its Hydropower contract.

A summary of all customers discussed on Exhibits ‘7d iv-A’ through ‘7d iv-E’ appears on the accompanying spread sheet designated as Exhibit ‘7d iv-F.’
2. **Failure to Meet Supplemental Commitments – Action Requested**

This section discusses specific compliance information concerning the Supplemental Commitments described. Some customers failed to achieve 90% compliance for more than one Supplemental Commitments. These customers are identified in more than one exhibit, but the recommended action for such customers in each instance takes account of multiple compliance violations.

**a) Job Commitments**

In total, 96 customers reviewed were found to be compliant, and 13 failed to achieve at least a 90% compliance rate for their respective employment commitment under their Hydropower contract. Most of the customers that reported employment levels below a 90% compliance rate offered an explanation and supporting information describing reasons for their non-compliance. Of these 13, the 9 customers listed on Exhibit ‘7d iv-A’ failed to achieve at least a 90% compliance rate for their job commitment and are being recommended for compliance enforcement action. The individual company’s circumstances may vary, but generally, customers indicated that changes in business models, market landscape, and/or competitive challenges have made it unlikely that they will meet employment commitments going forward. The 4 remaining customers are not being recommended for formal compliance action at this time for the reasons discussed in Exhibit ‘7d iv-D’ and Section 3.

Accordingly, staff recommends that the Trustees approve reductions in the contract demands and Hydropower allocations for the 9 customers identified in Exhibit ‘7d iv-A’ that fell below a 90% compliance rate for their job commitments to the amounts indicated on Exhibit ‘7d iv-A’. In addition, staff recommends that the Trustees authorize the Authority to make adjustments to the job commitments for all 9 customers to the amounts indicated on Exhibit ‘A’ to reflect the reduction in the Hydropower allocations.

**b) Power Utilization Commitments**

A total of 13 companies fell below a 90% compliance rate for their power utilization commitment. Of this number, 9 customers listed on Exhibit ‘7d iv-B’ fell below a 90% compliance rate for their power utilization commitment and are being recommended for compliance enforcement action. The 4 remaining customers are not being recommended for compliance enforcement action at this time for the reasons discussed in Exhibit ‘7d iv-D’ and below in Section 3.

Accordingly, staff recommends that the Trustees approve reductions in the contract demands and Hydropower allocations for the 9 customers identified in Exhibit ‘7d iv-B’ that fell below a 90% compliance rate for their power utilization commitment to the amounts indicated on Exhibit ‘7d iv-B.’ In addition, staff recommends that the Trustees authorize the Authority to make adjustments to the job commitments for these customers to the amounts indicated on Exhibit ‘7d iv-B’ to reflect the reductions in the Hydropower allocations.

**c) Capital Investment Commitments**

The compliance review showed that all but 4 companies met or exceeded a 90% compliance rate for their capital investment commitment. Of this number, the 3 customers listed on Exhibit ‘7d iv-C’ failed to achieve a 90% compliance rate for their capital investment commitment and are being recommended for compliance enforcement action. The remaining customer is not being recommended for compliance enforcement action. The circumstances relating to this customer is discussed on Exhibit ‘7d iv-D’ and below in Section 3.

Accordingly, staff recommends that the Trustees approve reductions in the contract demands and Hydropower allocations for the customers identified in Exhibit ‘7d iv-C’ to the amounts indicated on Exhibit ‘7d iv-C.’ In addition, staff recommends that the Trustees authorize the Authority to make adjustments to
the job and capital investment commitments for these customers as proposed in Exhibit ‘7d iv-C’ to reflect proposed reductions to their respective Hydropower allocations.

3. **Other Compliance-Related Matters – No Action Recommended/Requested**

The customers described in Exhibit ‘7d iv-D’ reported data indicating a failure to achieve a 90% compliance rate for one or more Supplemental Commitments. For the reasons discussed below, staff is not recommending compliance action with respect to these customers at this time.‡

a. **Power Utilization Commitments**

Compliance reporting indicated that the three customers listed in Exhibit ‘7d iv-D,’ Nos. 1-3, were each underutilizing their WNY Hydropower allocation on average over the Reporting Period, and as a result fell below a 90% compliance rate.

The power usage of each of these customers has increased slightly since the reporting period with indications of an upward trend throughout 2016 and this trend is expected to continue. In light of this trend, staff is not recommending compliance enforcement action with respect to these customers at this time. Staff will monitor the power utilization of these customers over the course of the next reporting period to better understand the expected usage of their respective allocations.

b. **Capital Spending**

Compliance reporting for Rosina Food Products, Inc. (listed on Exhibit ‘7d iv-D,’ Item No. 4) indicates the company failed to meet its capital investment commitment for the Reporting Period which is evaluated based on a three-year rolling average of investments made at the facility. Subsequent information from Rosina indicates that it has made significant investments in its facility in 2015 at a level that compares to 96% of its capital spending commitment amount. Staff will continue to monitor Rosina’s situation to understand its long-term plans. Accordingly, staff is not recommending compliance enforcement action for this customer at this time.

c. **No Contract Demand/Allocation Reduction Calculated**

The remaining five (5) customers identified in Exhibit ‘7d iv-D’ (Item Nos. 5-9) each reported data indicating they failed to meet one or more of their commitments during the Reporting Period. However, pursuant to the required rounding per the methodology used to calculate the reduction of contract demand and allocation, each case did not result in a reduction of the contract demand and allocation. Accordingly, staff is not recommending any compliance enforcement action with respect to these customers at this time.

d. **Failure to File Compliance Report**

The single Hydropower customer identified in Exhibit ‘7d iv-E,’ Coyne Textile Services, did not file a compliance report as required by its Hydropower contract. This company was notified on numerous occasions of its obligation to file but still failed to submit the required report. Staff intends to suspend electric service for this customer. No action by the Trustees is required for this action.

‡ For the Board’s information, not discussed in this Memorandum are 2 other Hydropower customers who reported noncompliance with job commitments and kW utilization against which staff is not seeking compliance enforcement action at this time: (1) Ceres Crystal Industries, Inc., and (2) Metaluics Systems – 2050 Cory. Each customer has indicated a desire to relinquish part of its allocation, and therefore staff will be working with the customers on revised commitments in exchange for reduced allocations.
RECOMMENDATION

The Vice President - Marketing recommends that the Trustees:

(1) Authorize a reduction of the contract demands and Hydropower allocations for each of the customers identified in Exhibit ’7d iv-A’ to the amount indicated on Exhibit ’7d iv-A,’ and authorize the Authority to adjust job commitments and/or capital investment commitments for these customers as indicated on Exhibit ’7d iv-A’ to reflect the reductions in the respective Hydropower allocations.

(2) Authorize a reduction of the contract demands and Hydropower allocations for each of the customers identified in Exhibit ’7d iv-B’ to the amount indicated on Exhibit ’7d iv-B,’ and authorize the Authority to adjust job commitments and/or capital investment commitments for these customers as indicated on Exhibit ’7d iv-B’ to reflect the reductions in the respective Hydropower allocations.

(3) Authorize a reduction of the contract demands and Hydropower allocations for each of the customers identified in Exhibit ’7d iv-C’ to the amount indicated on Exhibit ’7d iv-C,’ and authorize the Authority to adjust job commitments and/or capital investment commitments for these customers as indicated on Exhibit ’7d iv-C’ to reflect the reductions in the respective Hydropower allocations.

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

Mr. Keith Hayes provided highlights of staff’s recommendation to the Trustees. In response to a question from Chairman Koelmel, Mr. Hayes said the Authority is using the 90% compliance threshold to determine compliance. He added that one company in Buffalo has implemented some energy efficiency measures; therefore, staff is recommending that no action be taken on that company.

Upon motion made by Vice Chairman Nicandri and seconded by Trustee McKibben, the following resolution, as submitted by the President and Chief Executive Officer, was adopted with Trustee Kress being recused from the vote as it relates to General Motors, LLC and M&T Bank.

RESOLVED, That the Trustees hereby accept and approve the recommendations regarding the Annual Compliance Review for the Expansion Power, Replacement Power, and/or Preservation Power programs (collectively, “Hydropower”) which began in February 2016 for the compliance period beginning in January 2015 and ending in December 2015; and be it further

RESOLVED, That the Trustees hereby approve the reduction of Hydropower allocations and contract demands for each of the customers identified in Exhibit “7d iv-A” to the amount indicated therein, and authorize the Authority to adjust job commitments and/or capital investment commitments for these customers proportionately as indicated on Exhibit “7d iv-A” to reflect the reductions in
the Hydropower allocations, as described in the foregoing report of the President and Chief Executive Officer; and be it further

RESOLVED, That the Trustees hereby approve the reduction of Hydropower allocations and contract demands for each of the customers identified in Exhibit “7d iv-B” to the amount indicated therein, and authorize the Authority to adjust job commitments and/or capital investment commitments for these customers proportionately as indicated on Exhibit “7d iv-B” to reflect the reductions in the Hydropower allocations, as described in the foregoing report of the President and Chief Executive Officer; and be it further

RESOLVED, That the Trustees hereby approve the reduction of Hydropower allocations and contract demands for each of the customers identified in Exhibit “7d iv-C” to the amount indicated therein, and authorize the Authority to adjust job commitments and/or capital investment commitments for these customers proportionately as indicated on Exhibit “7d iv-C” to reflect the reductions in the Hydropower allocations, as described in the foregoing report of the President and Chief Executive Officer; and be it further

RESOLVED, That the Chairman, the Vice Chairman, the President and Chief Executive Officer, the Chief Operating Officer and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things and 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.
v. Award of Fund Benefits from the Western New York Economic Development Fund Recommended by the Western New York Power Proceeds Allocation Board

The President and Chief Executive Officer submitted the following report:

“SUMMARY

The Trustees are requested to accept the recommendations of the Western New York Power Proceeds Allocation Board (the ‘Allocation Board’ or ‘WNYPPAB’) and make awards of Fund Benefits from the Western New York Economic Development Fund to the eligible applicants listed in Exhibit ‘7d v-A’ in the amounts indicated therein, as discussed in more detail below and in Exhibits ‘7d v-C-1’ and ‘7d v-C-2,’ and authorize the other actions described herein with respect to such applicants and recommended awards.

BACKGROUND

1. Western New York Power Proceeds Allocation Act

On March 30, 2012, Governor Cuomo signed into law the Western New York Power Proceeds Allocation Act (the ‘Act’). The Act provides for the creation, by the Authority, of the Western New York Economic Development Fund. The Fund consists of the aggregate excess of revenues received by the Authority from the sale of Expansion Power (‘EP’) and Replacement Power (‘RP’) produced at the Niagara Power Project that was sold in the wholesale energy market over what revenues would have been received had such energy been sold on a firm basis to an eligible EP or RP customer under the applicable tariff or contract.

Under the Act, an ‘eligible applicant’ is a private business, including a not-for-profit corporation. ‘Eligible projects’ is defined to mean ‘economic development projects by eligible applicants that are physically located within the State of New York within a thirty-mile radius of the Niagara power project located in Lewiston, New York that will support the growth of business in the state and thereby lead to the creation or maintenance of jobs and tax revenues for the state and local governments.’ Eligible projects include, for example, capital investments in buildings, equipment, and associated infrastructure owned by an eligible applicant for fund benefits; transportation projects under state or federally approved plans; the acquisition of land needed for infrastructure; research and development where the results of such research and development will directly benefit New York state; support for tourism and marketing and advertising efforts for western New York state tourism and business; and energy-related projects.

Eligible projects do not include public interest advertising or advocacy; lobbying; the support or opposition of any candidate for public office; the support or opposition to any public issue; legal fees related to litigation of any kind; expenses related to administrative proceedings before state or local agencies; or retail businesses as defined by the board, including without limitation, sports venues, gaming and gambling or entertainment-related establishments, residential properties, or places of overnight accommodation.

Fund Benefits have been provided to successful eligible applicants in the form of grants. Generally, Fund Benefits are disbursed as reimbursement for expenses incurred by an Eligible Applicant for an Eligible Project. Occasionally, Fund Benefits are disbursed in advance for proposed eligible expenditures to be incurred by the Eligible Applicant for an Eligible Project when NYPA determines this approach is appropriate for a project, NYPA has authorized the approach in advance, and proposed expenses can be appropriately documented.

At least 15 percent of Fund Benefits must be dedicated to eligible projects which are ‘energy-related projects, programs and services,’ which is ‘energy efficiency projects and services, clean energy
technology projects and services, and high performance and sustainable building programs and services, and the construction, installation and/or operation of facilities or equipment done in connection with any such projects, programs or services.’

Allocations of Fund Benefits may only be made on the basis of moneys that have been deposited in the Fund. No award may encumber future funds that have been received but not deposited in the Fund.

2. Western New York Power Proceeds Allocation Board

Under the Act, the Allocation Board is charged with soliciting applications for Fund Benefits, reviewing applications, making eligibility determinations, and evaluating the merits of applications for Fund Benefits. The Allocation Board uses the criteria applicable to EP, RP and PP, and for revitalization of industry as provided in Public Authorities Law §1005. Additionally, the Allocation Board is authorized to consider the extent to which an award of Fund Benefits is consistent with the strategies and priorities of the Regional Economic Development Council having responsibility for the region in which an eligible project is proposed. A copy of these criteria (collectively, ‘Program Criteria’), adapted from the Allocation Board’s ‘Procedures for the Review of Applications for Fund Benefits,’ is attached as Exhibit ‘7d v-B.’

The Allocation Board met on March 4, 2013 and, in accordance with the Act, adopted by-laws, operating procedures, guidelines related to the application, and a form of application. At that time, the Allocation Board defined ‘retail business’ to mean a business that is primarily used in making retail sales of goods or services to customers who personally visit such facilities to obtain goods or services.

The Allocation Board also designated the Western New York Regional Director of Empire State Development Corporation (‘ESD’) to be its designee (‘Designee’) to act on its behalf on all administrative matters. Among other things, the Designee was authorized to preform analyses of the applications for Fund Benefits and make recommendations to the Allocation Board on the applications.

Under the Act, a recommendation for Fund Benefits by the Allocation Board is a prerequisite to an award of Fund Benefits by the Authority, and the Act authorizes the Authority to award Fund Benefits to an applicant upon a recommendation of the Allocation Board. Upon a showing of good cause, the Authority has discretion as to whether to adopt the Allocation Board’s recommendation, or to award benefits in a different amount or on different terms and conditions than proposed by the Allocation Board. In addition, the Authority is authorized to include within the contract covering an award (‘Award Contract’) such other terms and conditions the Authority deems appropriate.

3. Application Process

In an effort to provide for the efficient review of applications and disbursement of Fund Benefits, the Allocation Board established a schedule of dates through the end of 2016 on which the Allocation Board would meet to consider applications. At this time, applications are being accepted on a rolling basis. In addition, the application process was promoted through a media release and with assistance from state and local entities, including the Western New York and Finger Lakes Regional Economic Development Councils, the Empire State Development Corporation and other local and regional economic development organizations within the State. A webpage was created that is hosted on WWW.NYPA.GOV/WNYPPAB with application instructions, a link to the approved application form and other program details including a contact phone number and email address staffed by the Western New York Empire State Development regional office.

DISCUSSION

At its June 21, 2016 meeting, the Allocation Board considered applications from (1) Roger L. Urban, Inc. dba Platters Chocolates (‘Platters’) seeking $200,000 in Fund Benefits and (2) Niagara Falls National Heritage Area, Inc. (‘NFNHA’) seeking $200,000.
The Allocation Board's staff analyzed the applications and made recommendations to the Allocation Board based on eligibility requirements and Program Criteria. Copies of the recommendation memoranda provided to the Allocation Board for Platters and NFNHA are attached as Exhibits ‘7d v-C-1’ and ‘7d v-C-2,’ respectively. The applications themselves have also been made available to the Trustees for review.

Based on information provided in the applications before the Trustees, the proposed projects currently before the Trustees would create or retain approximately 50 jobs in Western New York. The total to be expended on the proposed projects is expected to be approximately $3.2 million.

The Allocation Board has recommended that these applicants receive Fund Benefit awards in the amounts indicated on Exhibit ‘7d v-A.’ Given the nascent stage of the proposed projects, it was not possible to recommend the terms and conditions that would be applicable to the award and memorialized in an Award Contract between the Authority and successful applicants.

If these applicants do receive Fund Benefit awards, with the Trustees’ authorization it is anticipated that Authority staff, in consultation with ESD, will negotiate final terms and conditions with the applicants after receipt of more detailed information concerning the projects and proposed schedules. Award Contracts may include scheduled payments keyed to commitment milestones, such as employment creation and retention. In addition, staff anticipates that Award Contracts will contain provisions for periodic audits of the successful applicants for the purpose of determining contract and program compliance and, where appropriate, terms providing for the partial or complete recapture of Fund Benefits disbursements if an applicant fails to maintain agreed-upon commitments, relating to, among other things, employment levels and/or project element due dates.⁶

RECOMMENDATION

The Vice President – Marketing recommends that:

(1) the Trustees accept the recommendations of the Power Proceeds Allocation Board and make awards of Fund Benefits to the applicants in the amounts identified in Exhibit ‘7d v-A,’ conditioned upon an agreement to be negotiated with each applicant on the final terms and conditions that would be applicable to the awards to be contained in an Award Contract approved by the President and Chief Executive Officer, or his designee, and approved by the Executive Vice President and General Counsel, or his designee, as to form;

(2) the Senior Vice President – Economic Development and Energy Efficiency, or his designee, be authorized to negotiate with the applicants concerning such final terms and conditions that will be applicable to the awards, and be authorized to consult with Empire State Development Corporation concerning the foregoing; and

(3) the Senior Vice President – Economic Development and Energy Efficiency, or his designee, be authorized to execute on behalf of the Authority an Award Contract for each award listed on Exhibit ‘7d v-A’ subject to the foregoing conditions.

⁶ For the Board’s information, a current NYPA employee, Mr. Lou Paonessa, has served as a NYPA appointee to the Niagara Falls National Heritage Area Commission, the predecessor organization to the NFNHA. The Commission no longer functions, and Mr. Paonessa does not currently occupy any office for the applicant. In addition to other public and private entities in the region, NYPA is identified on NFNHA’s website as a ‘partner’ of the Heritage Area, and in his capacity as a NYPA employee, Mr. Paonessa occasionally works on NFNHA-related matters. Mr. Paonessa has had no role in preparing NFNHA’s application for Fund Benefits or the recommendations made to the Allocation Board or the Trustees concerning NFNHA’s application for Fund Benefits.
For the reasons stated, I recommend the approval of the above-requested actions by adoption of the resolution below.

Upon motion made by Trustee Picente and seconded by Vice Chairman Nicandri, the following resolution, as submitted by the President and Chief Executive Officer, was unanimously adopted.

WHEREAS, the Western New York Power Proceeds Allocation Board ("Allocation Board") has recommended that the Authority make awards of Fund Benefits from the Western New York Economic Development Fund ("Fund") to the eligible applicants listed in Exhibit "7d v-A" in the amounts indicated;

NOW THEREFORE BE IT RESOLVED, That the Authority hereby accepts the recommendations of the Allocation Board and authorizes awards of Fund Benefits to the applicants listed in Exhibit "7d v-A" in the amounts indicated for the reasons set forth in the foregoing report and the exhibits and other information referred to therein, conditioned upon an agreement between the Authority and each applicant on the final terms and conditions that would be applicable to the awards and set forth in written award contracts ("Award Contracts") between the Authority and the applicants, approved by the President and Chief Executive Officer, or his designee, and approved by the Executive Vice President and General Counsel or his designee, as to form; and be it further

RESOLVED, That the Senior Vice President – Economic Development and Energy Efficiency, or his designee, is authorized to negotiate with the applicants concerning such final terms and conditions that will be applicable to the awards, and is authorized to consult with Empire State Development Corporation ("ESD") concerning the foregoing; and be it further

RESOLVED, That the Senior Vice President – Economic Development and Energy Efficiency, or his designee, is authorized to execute on behalf of the Authority an Award Contract for each of the awards listed on Exhibit "7d v-A" subject to the foregoing conditions; and be it further

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

a. Governance Committee Report

i. Appointment of Authority Officers

The Governance Committee submitted the following report:

“SUMMARY

The Trustees are requested to approve the resolution below appointing the following officers of the Authority, effective immediately:

- Joseph Kessler, Executive Vice President and Chief Operating Officer, with an annual salary of $251,999; and
- Jill Anderson, Executive Vice President and Chief Commercial Officer, with an annual salary of $226,013.

BACKGROUND AND DISCUSSION

The appointment of officers is governed by the Authority’s By-laws, Article IV, which provides that officers shall be appointed by formal resolution adopted by the Trustees upon the recommendation of the Governance Committee. Article IV further provides that officers shall hold office until his successor is chosen and qualified or his earlier removal, resignation or death.

FISCAL INFORMATION

None

RECOMMENDATION

For the reasons stated, the Governance Committee recommends that the Trustees approve the appointment of Ms. Jill Anderson as Executive Vice President and Chief Commercial Officer at the stated salary, and Mr. Joseph Kessler as Executive Vice President and Chief Operating Officer at the stated salary, by adoption of the resolution below.”

Upon motion made by Vice Chairman Nicandri and seconded by Trustee Picente, the following resolution, as submitted by the Governance Committee, was unanimously adopted.

RESOLVED, That the Board appoints Joseph Kessler to the office of Executive Vice President and Chief Operating Officer, with an annual salary of $251,999, effective immediately; and be it further

RESOLVED, That the Board appoints Jill Anderson to the office of Executive Vice President and Chief Commercial Officer, with an annual salary of $226,013, effective immediately; and be it further

RESOLVED, That the Chairman, the Vice Chairman, the President and Chief Executive Officer, and all other officers 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 necessary to effectuate the foregoing
resolution, subject to the approval of the form thereof
by the Executive Vice President and General Counsel.
ii. **Board Resolution: Terrance P. Flynn**

Chairman Koelmel thanked Trustee Terrance Flynn for his many years of high-quality service for the benefit of the Power Authority. He said Trustee Flynn joined the Board four years ago and provided great service during his time and tenure. His professional demands has increased and he has ultimately concluded that he is unable to give the time, effort and attention that the role deserves without compromising his professional duties as an attorney for Harris Beach, PLLC. It is with regret that the Board accepts his resignation, but it is also with great pride that the members offer him this Resolution. The Board recognizes his accomplishments and gives him due accolade for his many contributions to the Power Authority during his time and tenure.

Upon motion made by Vice Chairman Nicandri and seconded by Trustee McKibben, the following resolution, as submitted by Chairman Koelmel, was unanimously adopted.

WHEREAS, Terrance P. Flynn has been an inspirational example of professionalism and dedicated leadership during his four years of steadfast service on behalf of the citizens of New York State as a Trustee of the New York Power Authority (NYPA); and

WHEREAS, Mr. Flynn’s wide breadth of knowledge in law, government and finance was integral to helping the Power Authority carry out Governor Andrew M. Cuomo’s policies for advancing clean economical energy supplies and ensuring a top-performing electric power infrastructure for meeting the challenges of a 21st century economy; and

WHEREAS, Mr. Flynn’s singular expertise in accounting and compliance, gleaned from his years at Harris Beach PLLC as co-leader of the prestigious Rochester law firm’s Government Compliance and Investigation Team, was critical to NYPA’s efforts to expand the scope and function of its Internal Audit Department; and

WHEREAS, Throughout Mr. Flynn’s four-year tenure on the NYPA Audit Committee, his legal and accounting background informed the effort to introduce new auditing methodologies and redesign the Audit department to provide assessment and consulting services, in addition to traditional audits; and

WHEREAS, Mr. Flynn also drew from his experience in the private sector while serving on the NYPA Finance Committee, helping to strengthen the Authority’s financial position, as reflected by superb bond ratings from the nation’s three leading credit-rating agencies, and also made outstanding contributions while serving on the Governance Committee; and
WHEREAS, As a longtime Western New York resident, Mr. Flynn had a direct and positive impact on the Power Authority’s economic development efforts in the region, including low-cost power allocations to businesses that are linked to thousands of jobs, a new winter storage location for the iconic Maid of the Mist scenic boats that tour the base of Niagara Falls, and the recent makeover of the Niagara Power Project’s Power Vista to bring tourists back to the New York side of the Falls; and

WHEREAS, Mr. Flynn’s stewardship of NYPA’s investments made him a strong champion for critical initiatives related to the operational excellence of the Authority’s assets, including life extension and modernization programs for the Lewiston Pump-Generating Plant, small-hydro plants and transmission facilities, along with many maintenance projects focused on safety and operating efficiency; and

WHEREAS, Mr. Flynn’s background as United States Attorney for the Western District of New York from 2006-2009, and his knowledge of regulatory issues, enhanced NYPA’s management practices, helping it to respond effectively to the many new developments in the rapidly changing energy industry; and

WHEREAS, Mr. Flynn has stepped down from the Board of Trustees, having played a pivotal role in an eventful and challenging period in the Authority’s history;

NOW THEREFORE BE IT RESOLVED, That the Trustees of the Power Authority of the State of New York express their profound appreciation to Terrance P. Flynn for his exemplary service and wish him a future of health, happiness and continued success.

JULY 26, 2016
b. Audit Committee Report:

i. Executive Risk Management Committee Charter – Revision

The President and Chief Executive Officer submitted the following report:

SUMMARY

The Trustees are requested to approve a revision of the Executive Risk Management Committee Charter (the ‘Charter’) approved on March 29, 2016 which are attached hereto as Exhibit ‘8b i-A.’

In accordance with leading industry practice, the Trustees’ approval of governance materials is intended as an affirmation of the philosophy, framework and delegation of authority for the Authority’s risk management activities, including the management of enterprise risks and energy commodity and credit risk.

BACKGROUND

At their meeting of March 29, 2016, the Trustees approved the 2016 Charter that is to be updated and submitted for annual Trustee approval.

DISCUSSION

The Charter establishes the Authority’s governance related to risk management, including the management of enterprise risks and energy commodity and credit risk. As the enterprise risk management program matures, the Charter expands and improves the governance structure and controls and further establishes accountabilities for all Authority risk management activities.

Proposed changes include a modification of the Executive Risk Management Committee (‘ERMC’) membership composition, Chairmanship will be on a rotational basis amongst the voting members, and clarification of roles and responsibilities of the Chairperson and the ERMC members.

RECOMMENDATION

The Senior Vice President – Chief Risk Officer recommends that the Trustees approve the revision to the 2016 Executive Risk Management Committee Charter as reflected in Exhibit ‘8b i-A’ and discussed above.

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

Vice Chairman Nicandri said the Audit Committee met earlier today and recommends that the entire Board of Trustees ratifies the Executive Risk Management Committee Charter that has been revised and submitted to the Audit Committee for approval.

Upon motion made by Vice Chairman Nicandri and seconded by Trustee Picente, the following resolution, as submitted by the President and Chief Executive Officer, was unanimously adopted.

RESOLVED, That the Executive Risk Management Committee Charter (the “Charter”) establishing the philosophy, framework and delegation of authority necessary to govern the activities of the Authority related to
risk management, including the program for Energy Commodity and Credit Risk Management, is hereby adopted in the form attached as Exhibit “8b i-A”; and be it further

RESOLVED, That the Executive Risk Management Committee consisting of five members is hereby granted the authority, within the requirements established by the Charter, to approve risk response activities; to enter into energy related commodity hedge transactions and to post any necessary collateral in support of such transactions, to meet the requirements of Authority customers or facilities for a transaction term not to exceed four years beyond the last day of the month the transaction is entered, with specific Trustee approval required prior to entering transactions, for energy and energy-related products of greater than a four-year term, or the issuance of competitive solicitations for same; and be it further

RESOLVED, That the Chairman, the Vice Chairman, the President and Chief Executive Officer, the Executive Vice President and Chief Operating Officer, the Executive Vice President and Chief Financial Officer, the Senior Vice President and Chief Risk Officer and any other necessary Authority officers 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 necessary to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.
9. **Next Meeting**

The Regular meeting of the Trustees will be held on **September 27, 2016 at the Clarence D. Rappleyea Building, White Plains, New York,** unless otherwise designated by the Chairman with the concurrence of the Trustees.
Closing

Upon motion made by Trustee Picente and seconded by Trustee McKibben the meeting was adjourned at approximately 1:20 p.m.

Karen Delince
Karen Delince
Corporate Secretary
EXHIBITS
For
July 26, 2016
Regular Meeting Minutes
### Procurement (Services) and Other Contracts – Awards

(For Description of Contracts See "Discussion")

**EXHIBIT "4c i-A"**

*July 26, 2016*

<table>
<thead>
<tr>
<th>Bus Unit/Plant Site</th>
<th>Company Name</th>
<th>Contract #</th>
<th>Start of Contract</th>
<th>Description of Contract</th>
<th>Closing Date</th>
<th>Award Basis¹</th>
<th>Contract Type²</th>
<th>Compensation Limit</th>
<th>Amount Expended To Date</th>
<th>Authorized Expenditures For Life Of Contract</th>
</tr>
</thead>
<tbody>
<tr>
<td>CORPORATE AFFAIRS - CORPORATE COMMUNICATIONS</td>
<td>Q16-6026MR; 5 awards:</td>
<td></td>
<td></td>
<td>Provide computer design and production services to support the Authority’s corporate communications efforts through its internal and external communications</td>
<td>11/30/18</td>
<td>B/P</td>
<td></td>
<td></td>
<td></td>
<td>$250,000*</td>
</tr>
<tr>
<td></td>
<td>1. ANGELA WOODS</td>
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<td>12/01/16</td>
<td>(on or about)</td>
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<td>Yonkers, NY</td>
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<td>2. ARTCONIC ♦</td>
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<td>3. C2 MARKETING LLC</td>
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<td>Schenectady, NY</td>
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<td>4. EILEEN BURTOFF</td>
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<td>5. THINKERSDESIGN ♦</td>
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<td>Hawthorne, NY</td>
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<td>ECONOMIC DEVELOPMENT &amp; ENERGY EFFICIENCY - ENERGY EFFICIENCY</td>
<td>Q16-6040AT; 4 awards:</td>
<td>09/01/16</td>
<td>(on or about)</td>
<td>Provide risk management consulting services in connection with the Authority’s Energy Services Program projects</td>
<td>08/31/21</td>
<td>B/P</td>
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<td>$10,000,000*</td>
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<td>1. ARCADIS OF</td>
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<td>NEW YORK, INC.</td>
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<td>2. HATCH ASSOCIATES</td>
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<td>CONSULTANTS, INC.</td>
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<td>Amherst, NY</td>
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<td>3. HILL INTERNATIONAL, INC.</td>
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<td>Philadelphia, PA</td>
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<td>4. NAUTILUS CONSULTING LLC</td>
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</tbody>
</table>

¹ Award Basis: B = Competitive Bid; S = Sole Source; Si = Single Source; C = Competitive Search

² Contract Type: P = Personal Service; S = (Non-Personal) Service; C = Construction; E = Equipment; N = Non-Procurement; A = Architectural & Engineering Service; L = Legal Service

*M / WBE: New York State-certified Minority / Women-owned Business Enterprise (indicated by the ♦ symbol after the Company Name)

1 Award Basis: B = Competitive Bid; S = Sole Source; Si = Single Source; C = Competitive Search

2 Contract Type: P = Personal Service; S = (Non-Personal) Service; C = Construction; E = Equipment; N = Non-Procurement; A = Architectural & Engineering Service; L = Legal Service

*Note: represents aggregate total for up to 2-year term

*Note: represents aggregate total for up to 5-year term

All costs will be recovered by the Authority.
<table>
<thead>
<tr>
<th>Bus Unit/ Plant Site</th>
<th>Company Contract #</th>
<th>Start of Contract</th>
<th>Description of Contract</th>
<th>Closing Date</th>
<th>Award Basis</th>
<th>Contract Type</th>
<th>Compensation Limit</th>
<th>Authorized Expenditures For Life Of Contract</th>
</tr>
</thead>
<tbody>
<tr>
<td>HUMAN RESOURCES &amp; ENTERPRISE SHARED SERVICES - ESS - CORP. SUPP.</td>
<td>Q16-6038RM; 2 awards:</td>
<td>06/10/16</td>
<td>Provide for architectural and design services for the Rappleyea Building</td>
<td>06/09/21</td>
<td>B/A</td>
<td>$40,000 each (Initial not-to-exceed Award Amount)</td>
<td>$600,000*</td>
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<tr>
<td>1. BAVIER DESIGN LLC</td>
<td>Rowayton, CT (4500273386)</td>
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<td>2. ENVIRONETICS GROUP ARCHITECTS, PC</td>
<td>Englewood Cliffs, NJ (4500273348)</td>
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<tr>
<td>INFORMATION TECHNOLOGY</td>
<td>INNOTAS</td>
<td>07/01/16</td>
<td>Provide for cloud-based single Project Portfolio Management (PPM) solution and related services</td>
<td>06/30/21</td>
<td>B/S</td>
<td>$93,420 (Initial not-to-exceed Award Amount)</td>
<td>$500,000*</td>
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<td></td>
<td>San Francisco, CA (Q16-6003aRM; 4600003181)</td>
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<tr>
<td>LAW</td>
<td>ABRAMS &amp; ABRAMS LLP</td>
<td>10/01/16 (on or about)</td>
<td>Provide for legal services in connection with immigration matters</td>
<td>09/30/21</td>
<td>B/L</td>
<td></td>
<td>$500,000*</td>
<td></td>
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<td></td>
<td>New York, NY (Q16-6028MR; PO# TBA)</td>
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<tr>
<td>UTILITY OPERATIONS - EH&amp;S + SENY</td>
<td>Q16-6027JR; 3 awards:</td>
<td>10/01/16 (on or about)</td>
<td>Provide for general environmental services for the Authority’s plants in the SENY Region</td>
<td>09/30/21</td>
<td>B/S</td>
<td></td>
<td>$7,500,000*</td>
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<tr>
<td>1. MILLER ENVIRONMENTAL GROUP, INC.</td>
<td>Calverton, NY</td>
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<td>2. NATIONAL RESPONSE CORP.</td>
<td>Great River, NY</td>
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</tbody>
</table>

*Note: represents aggregate total for up to 5-year term

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**Procurement (Services) and Other Contracts – Awards**

(For Description of Contracts See “Discussion”)

**EXHIBIT "4c i-A"**

July 26, 2016

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1. M / WBE: New York State-certified Minority / Women-owned Business Enterprise (indicated by the ♦ symbol after the Company Name)
2. Award Basis: B= Competitive Bid; S= Sole Source; Si= Single Source; C= Competitive Search
3. Contract Type: P= Personal Service; S= (Non-Personal) Service; C= Construction; E= Equipment; N= Non-Procurement; A= Architectural & Engineering Service; L= Legal Service

Page 2 of 3
### Procurement (Services) and Other Contracts — Awards
(For Description of Contracts See "Discussion")

**EXHIBIT "4c i-A"**

July 26, 2016

<table>
<thead>
<tr>
<th>Bus Unit/ Plant Site</th>
<th>Company</th>
<th>Start of Contract</th>
<th>Description of Contract</th>
<th>Closing Date</th>
<th>Award Basis¹</th>
<th>Compensation Limit</th>
<th>Authorized Expenditures To Date</th>
<th>Authorized Expenditures For Life Of Contract</th>
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<tbody>
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<tr>
<td>3. <strong>WRS ENVIRONMENTAL SERVICES</strong>&lt;br&gt;Yaphank, NY (PO#s TBA)</td>
<td>Q16-6043JT; 2 awards: &lt;br&gt;(on or about) 08/01/16</td>
<td>Provide for repair/removal of existing insulation and installation of new insulation at the Authority's plants in the SENY Region, as needed</td>
<td>07/31/21</td>
<td>B/S</td>
<td>$500,000*</td>
<td>*Note: represents aggregate total for up to 5-year term</td>
<td></td>
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<tr>
<td></td>
<td>1. <strong>NATIONAL INSULATION &amp; GC CORP.</strong>&lt;br&gt;Hicksville, NY</td>
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<td>2. <strong>RFJ INSULATION CONTRACTOR, INC.</strong>&lt;br&gt;Brightwaters, NY (PO#s TBA)</td>
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<td><strong>VEOLIA ES TECHNICAL SOLUTIONS LLC</strong>&lt;br&gt;West Bridgewater, MA (Facility) (Q16-6032JR; PO# TBA)</td>
<td>10/01/16 &lt;br&gt;(on or about)</td>
<td>Provide for recycling/disposal of batteries, light ballasts, lamps and other related waste streams generated by Energy Services Program projects</td>
<td>09/30/21</td>
<td>B/S</td>
<td>$3,000,000*</td>
<td>*Note: represents total for up to 5-year term All costs will be recovered by the Authority.</td>
<td></td>
</tr>
</tbody>
</table>

³ **Award Basis**: B = Competitive Bid; S = Sole Source; Si = Single Source; C = Competitive Search

¹ **Contract Type**: P = Personal Service; S = (Non-Personal) Service; C = Construction; E = Equipment; N = Non-Procurement; A = Architectural & Engineering Service; L = Legal Service

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*Note: Multiple contracts may be combined under a single contract number.*
<table>
<thead>
<tr>
<th>Plant Site/Bus. Unit</th>
<th>Company Contract #</th>
<th>Start of Contract</th>
<th>Description of Contract</th>
<th>Closing Date</th>
<th>Award Basis*</th>
<th>Contract Type</th>
<th>Compensation Limit</th>
<th>Amount Expended To Date</th>
<th>Authorized Expenditures For Life Of Contract</th>
</tr>
</thead>
<tbody>
<tr>
<td>BUSINESS SERVICES - CONTROLLER'S OFFICE</td>
<td>KPMG LLP New York, NY (US HQ) &amp; multiple other offices: Washington, DC Albany, NY Atlanta, GA 4500249908</td>
<td>09/16/14</td>
<td>Provide for independent accounting and auditing services, as well as other audit and non-audit services, as may be required</td>
<td>07/31/19</td>
<td>B/P</td>
<td>$3,000,000</td>
<td>$1,221,173</td>
<td>$9,410,000*</td>
<td></td>
</tr>
<tr>
<td>CORPORATE AFFAIRS - CORPORATE COMMUNICATIONS</td>
<td>ESSENCE PARTNERS dba AKASAKA ENTERPRISES New York, NY 4500265963</td>
<td>11/20/15</td>
<td>Provide for redesign of the Authority’s external website (NYPA.gov)</td>
<td>07/19/17</td>
<td>B/P</td>
<td>$991,569</td>
<td>$593,543</td>
<td>$991,569*</td>
<td></td>
</tr>
<tr>
<td>ECONOMIC DEVELOPMENT &amp; ENERGY EFFICIENCY - ENERGY EFFICIENCY</td>
<td>PETER J CATANZARO, INC. Brooklyn, NY 4500257212</td>
<td>04/08/15</td>
<td>Provide for installation of high efficiency lighting at the MTA Manhattanville Bus Depot facility</td>
<td>09/30/16</td>
<td>B/C</td>
<td>$290,569</td>
<td>$225,814</td>
<td>$290,569*</td>
<td></td>
</tr>
<tr>
<td>HR &amp; ESS - HR / BENEFITS</td>
<td>CONVEY COMPLIANCE SYSTEMS LLC (A Sovos Compliance Company) Minnetonka, MN 4500265375</td>
<td>10/21/15</td>
<td>Provide for Affordable Care Act tax reporting services</td>
<td>03/31/17</td>
<td>Si/P</td>
<td>$28,485</td>
<td>$23,085</td>
<td>$63,485*</td>
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<tr>
<td>TECHNOLOGY &amp; INNOVATION - STRATEGIC OPERATIONS</td>
<td>SIEMENS INDUSTRY, INC. Wendell, NC 4500262985</td>
<td>08/31/15</td>
<td>Provide for Continuous Protection System Monitoring, as part of the Authority’s Smart Generation &amp; Transmission strategic initiative</td>
<td>08/30/17</td>
<td>B/P</td>
<td>$841,562</td>
<td>$598,163</td>
<td>$841,562*</td>
<td></td>
</tr>
</tbody>
</table>

\* New York State-certified Minority / Women-owned Business Enterprise (indicated by the + symbol after the Company Name)

1 Award Basis: B= Competitive Bid; C= Competitive Search; S= Sole Source; Si = Single Source
2 Contract Type: P= Personal Service; S= (Non-Personal) Service; C= Construction; E= Equipment; N= Non-Procurement; L= Legal Service

*Note: represents originally approved amount of $2.5 million + an additional $500,000 authorized per the EAPs + CURRENT REQUEST for $6,410,000 to support the transfer of The Canal Corp to the Authority.

*Note: represents original award amount of $991,569; NO additional funding requested

*Note: represents original award amount of $263,282 + an additional $27,287 authorized per the EAPs; NO additional funding requested

*Note: represents original award amount of $28,485 + CURRENT REQUEST for $35,000

*Note: represents original award amount of $671,475 + an additional $170,087 authorized per the EAPs; NO additional funding requested
## Procurement (Services) Contracts – Extensions and/or Additional Funding

(For Description of Contracts See “Discussion”)

**EXHIBIT “4c i-B”**

July 26, 2016

<table>
<thead>
<tr>
<th>Plant Site/ Bus. Unit</th>
<th>Company Contract #</th>
<th>Start of Contract</th>
<th>Description of Contract</th>
<th>Closing Date</th>
<th>Award Basis¹ Contract Type²</th>
<th>Compensation Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>UTILITY OPERATIONS - PROJ MGMT + B-G</strong></td>
<td>GENERAL ELECTRIC INTERNATIONAL, INC. Medford, MA 4600002857</td>
<td>11/18/14</td>
<td>Provide for repair of the main generator rotors at B-G</td>
<td>11/17/17</td>
<td>B/S</td>
<td>$12,316,773</td>
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<td>$10,452,031</td>
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<td>$13,816,773*</td>
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*Note: represents original approved amount of $10.3 million + an additional $2,016,773 authorized per the EAPs + CURRENT REQUEST for $1,500,000

|  | OPERATIONS - INTERNATIONAL, INC. B-G PROJ MGMT Medford, MA 4600002857 |  |  |  |  |  |

| INFORMATION TECHNOLOGY | 15 multiple awards (resulting from Q15-5806CP): | 08/01/15 | Provide for IT temporary staffing services to support various initiatives, infrastructure and applications | 07/31/18 | B/S | $11,250,000 |
|  |  |  |  |  |  | $8,059,603 |
|  |  |  |  |  |  | $20,000,000* |

*Note: represents original approved aggregate amount of $9M + an additional $2.25M authorized per the EAPs + CURRENT REQUEST for $8.75M

1. 22nd CENTURY TECHNOLOGIES, INC. Somerset, NJ 4600003024

2. ARTECH INFORMATION SYSTEMS LLC Morristown, NJ 4600003026

3. CARLYLE CONSULTING SERVICES, INC. New York, NY 4600003027

4. CLARUSTEC, INC. Edison, NJ 4600003028

5. CMA CONSULTING SERVICES Latham, NY 4600003039

6. DONNELLY & MOORE CORP. ♦ New York, NY (HQ) New York, NY (Branch Office) 4600003029

♦ M / WBE: New York State-certified Minority / Women-owned Business Enterprise (indicated by the ♦ symbol after the Company Name)

1 Award Basis: B= Competitive Bid; C= Competitive Search; S= Sole Source; Si= Single Source

2 Contract Type: P= Personal Service; S= (Non-Personal) Service; C= Construction; E= Equipment; N= Non-Procurement; L= Legal Service
## Procurement (Services) Contracts – Extensions and/or Additional Funding

*(For Description of Contracts See “Discussion”)*

EXHIBIT "4c i-B"

July 26, 2016

<table>
<thead>
<tr>
<th>Company</th>
<th>Start of Contract</th>
<th>Description</th>
<th>Contract #</th>
<th>Closing Date</th>
<th>Award Basis</th>
<th>Contract Type</th>
<th>Authorized Amount Expended</th>
<th>Authorized Expenditures For Life Of Contract</th>
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</thead>
<tbody>
<tr>
<td>ECLARO INTERNATIONAL, INC. – New York, NY</td>
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<td>4600003030</td>
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<td>GARNET RIVER LLC – Saratoga Springs, NY</td>
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<td><em>NYS-certified WBE at time of award</em></td>
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<td>INDOTRONIX INTERNATIONAL CORP. – Poughkeepsie, NY</td>
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<td>MINDLANCE, INC. – Hoboken, NJ</td>
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<td>NEOTECRA, INC. – New York, NY</td>
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<td>SOFTWARE GUIDANCE &amp; ASSISTANCE, INC. – Tarrentown, NY</td>
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<tr>
<td>SYSTEM EDGE (USA) LLC – Iselin, NJ (HQ)</td>
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<td>TRIGYN TECHNOLOGIES, INC. – Edison, NJ</td>
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<td>UNIQUE COMP, INC. – Long Island City, NY</td>
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<td>4600003037</td>
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</table>

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1 Award Basis: B= Competitive Bid; C= Competitive Search; S= Sole Source; Si = Single Source
2 Contract Type: P= Personal Service; S= (Non-Personal) Service; C= Construction; E= Equipment; N= Non-Procurement; L= Legal Service
Honorable Joseph D. Gray
Chairman, Local Government Task Force
Town Hall Building
60 Main Street Massena, NY 13662

Re: Proposal to Amend the Ten-Year Review Agreement

Dear Mr. Gray:

Effective May 4, 2015, the Power Authority of the State of New York (“NYPA” or “Authority”) and the Local Government Task Force for Issues with NYPA and the St. Lawrence River (“Task Force” or “LGTF”) entered into the First Ten-Year Review Agreement (the “Review Agreement”). As part of the Agreement, NYPA Trustees authorized the creation of the Temporary North Country Power Discount Program (“TNCPDP”).

Paragraph 2(B) of the Review Agreement provides:

Commencing no later than sixty (60) days after the Effective Date of this Agreement and continuing for a period of three (3) years, during Alcoa’s current reduced purchases of “Preservation Power,” NYPA will reduce electric costs for businesses and active dairy farms in St. Lawrence, Jefferson and Franklin counties by a combined total of ten million dollars per year ($10 million/yr.) through the Temporary North Country Power Discount Program. Forty percent (40%) of the annual Program saving shall accrue to the benefit of St. Lawrence County businesses and dairy farms.

This program of discounts to the electric bills of businesses and active dairy farms located in the three county Preservation Power region was to be funded by the net margins produced by the sale of hydropower into the wholesale energy market that was not being used due to the curtailment of the Alcoa East smelter, but remained under contract to Alcoa.

Circumstances have changed since the execution of the Agreement for all of us. In December 2015, NYPA renegotiated the Alcoa power contract to prevent the closure of smelting operations at the Alcoa Massena West Plant and the loss of hundreds of jobs. As a result of the new contract, NYPA now has over 230 MW of uncontracted Preservation Power, which by law must be contracted for business use in Jefferson, Franklin and St. Lawrence counties. Consistent with this legislative directive, NYPA has a proper business purpose to find customers for this power, and to make reasonable investments in doing so.

In 2015, as provided by the Review Agreement with the LGTF, NYPA funded a comprehensive Economic Development Study. The LGTF communities were active participants in the Study. There is widespread support for the conclusions of the Study,
but frustration about the resources needed to pursue implementation. However, many elements of the Strategic Initiatives (Advanced Manufacturing, Small Business and Agriculture, and Community Revitalization) identified in the Economic Development Study that the communities are now trying to implement align with NYPA’s objective of securing new Preservation Power customers.

Therefore, consistent with the above objective, the parties would agree to amend the Review Agreement by striking out the provision contained in Paragraph 2(B) entitled “Temporary Reduction in Electricity Costs”. NYPA will phase out and eliminate the TNCPDP during a three month period beginning in fall, 2016 and expecting to end the program by the end of 2016. Beginning January, 2017, NYPA will use its resources in cooperation with the communities to identify, attract and facilitate the creation or expansion of facilities, consistent with the St Lawrence County Economic Development Study that can be users of Preservation Power. NYPA will support this effort in an amount up to two million dollars ($2,000,000) per year for a period of up to five years, or until contracts for all the available Preservation Power have been executed, whichever occurs first.

Please let us know if the LGTF would like to proceed with this amendment.
President & Chief Executive Officer Report

Gil Quiniones

July 26, 2016
New Format of Discussion Agenda

1. Strategy Update
2. Enterprise Risk Management
3. Operations & Finance
4. Reports from Board Committees
5. Informational Items
### NYPA Overall Performance

#### June 2016

<table>
<thead>
<tr>
<th>Goal</th>
<th>Measure</th>
<th>Year-To-Date 2016 Target</th>
<th>Actual</th>
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<td><strong>Maintain Infrastructure</strong></td>
<td>Generation Market Readiness (%)</td>
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<td>Transmission System Reliability (%)</td>
<td>94.59</td>
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<td><strong>Financial Management</strong></td>
<td>Debt Coverage (Ratio)</td>
<td>2.50</td>
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<td>O&amp;M Budget Performance ($ Millions)</td>
<td>227.9</td>
<td>193.9</td>
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<td><strong>Energy Services</strong></td>
<td>MMBTU’s Saved</td>
<td>180.4</td>
<td>232.0</td>
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<td>Energy Efficiency Investment in State Facilities ($ Millions)</td>
<td>17.0</td>
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<td><strong>Workforce Management</strong></td>
<td>Retention (# of Touchpoints)</td>
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<td><strong>Safety Leadership</strong></td>
<td>DART Rate (Index)</td>
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<td><strong>Environmental Responsibility</strong></td>
<td>Environmental Incidents (Units)</td>
<td>16</td>
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*Quarterly measure

**Corporate Performance**

- **Status**
  - Green: Meeting or Exceeding Target
  - Yellow: Below Target
  - Red: Significantly Below Target
NYPA 2020 Strategic Plan – Our Six Key Strategic Initiatives

Customer Empowerment

Infrastructure Modernization

Resource Alignment

Asset Management

Smart Generation and Transmission

Workforce Planning

Process Excellence

Knowledge Management

Customer Solutions

Internal Looking

External Looking
# NYPA 2020 Strategic Plan – Key Milestones

<table>
<thead>
<tr>
<th>Year</th>
<th>Customer Solutions</th>
<th>Smart G&amp;T</th>
<th>Asset Mgmt.</th>
<th>Process Excellence</th>
<th>Knowledge Mgmt.</th>
<th>Workforce Planning</th>
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</thead>
<tbody>
<tr>
<td>2016</td>
<td>Revenue – Investing In Business</td>
<td>K-Solar Installed At 20 Schools</td>
<td>CPSM - SENY</td>
<td>Process Improvement Benefits</td>
<td>Custom Search Module</td>
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<tr>
<td>2017</td>
<td>Solar Advisory Services Launched</td>
<td>K-Solar Installed At 30 Schools</td>
<td>CPSM - CE</td>
<td>Green Belt Training</td>
<td>HR Operating Module</td>
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<td></td>
<td>1300 Real-Time Bldgs. In NYEM</td>
<td>Five Cities Competitive Grants</td>
<td>PMU’s 30%</td>
<td>Process Owners</td>
<td>HR Tracking System</td>
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<tr>
<td>2018</td>
<td>BNY at 14% out of 20%</td>
<td>Microgrid projects. In construction</td>
<td>PMU’s 60%</td>
<td>Knowledge Improvement Programs</td>
<td>New Career Website</td>
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<td></td>
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<td>PMU’s 75%</td>
<td>Leavers Knowledge Capture</td>
<td>Mosaic Onboarding Module</td>
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<tr>
<td>2019</td>
<td>Revenue – Break-Even</td>
<td>CES Business Break-Even</td>
<td>PMU’s 75%</td>
<td>Communities of Practice</td>
<td>HR Metrics &amp; Dashboard</td>
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<tr>
<td></td>
<td>K-Solar Installed at 300 Schools</td>
<td>CES Business Break-Even</td>
<td>Next Gen EMS Prototype</td>
<td>Data Analytics Platform (Improved Decision Making)</td>
<td>Enhanced employee retention &amp; engagement (focus on 0-5 yr tenure)</td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td>Revenue-Break-Even w/ Growth</td>
<td>K-Solar Installed at 500 Schools</td>
<td>PMU’s 100% Deployed</td>
<td>Transform Workforce Processes (Career Path &amp; Developmental Programs)</td>
<td>Increased number of qualified applicants through brand and website</td>
<td></td>
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<tr>
<td></td>
<td>BSNY Achieves 20% Goal</td>
<td>BSNY Achieves 20% Goal</td>
<td>Next Gen EMS Available</td>
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</table>
Canal Transfer Effort
Update
July 26, 2016
Canal Transfer

Key accomplishments to date and next steps

- Since the state budget was passed, a transfer program has been mobilized that comprises of representatives from NYPA, the Thruway Authority and Canal Corporation. Good progress has been made to date.

- The program’s initial objective is to ensure statutory, contractual and other critical requirements have been met by January 1st 2017 (Day 1), allowing the canal system to successfully function under NYPA’s control.

- The following activities are now complete:
  - The Funding Agreement has been executed (effective April 1st 2016).
  - Areas of entanglement (e.g. processes, systems, people, contracts) between the Thruway Authority and Canal Corporation have been identified.
  - Specific plans to transition the Canal Corporation on Day 1, along with contingency plans for certain areas (e.g. payroll, vendor payments, requisition of critical components for facilities), have been created.
  - Execution has commenced.

- The key next step is to continue executing against the abovementioned plans, preparing for operational transfer.
Canal Transfer

Program governance structure

Thruway Authority/Canal Corporation Leadership

NYP A Executive Sponsor Committee

Integration Management Office (IMO)

Joint Integration Team

Joint Working Groups

Financial
HR
IT
Shared Services
Communications / Govt. Relations
Legal

Operations / Engineering
Environmental / Safety
Procurement

NYP A Advisors

NYP A IMO support

Privileged & Confidential
Canal Transfer

Timeline

- **02/18/16**: NYPA team kick-off
- **04/01/16**: NYPA assumes financial responsibility for Canal Corporation
- **06/01/16**: Day 1 Plan complete and execution begins
- **01/01/17**: Operational transfer
- **01/01/17**: Day 1 readiness period

Current date

Execution (Canal Corporation separation)
Top Enterprise Risks Update

Risk Management Activities

- **Chief Risk Officer**
  - Active participation in the Large Public Power Council (LPPC) & Committee of Chief Risk Officers (CCRO)

- **Commodity Risk**
  - Risk Appetite Workshop focused on the Merchant Energy Portfolio held on July 18 with Senior Executives

- **Insurance**
  - Review of Cyber Insurance gap analysis report in-progress
  - Coverages, limits & deductibles to be assessed

Action Plan Status

- Completed 19%
- Not Started 13%
- Final Stage 2%
- Mid Stage 25%
- Started 41%
Business Resiliency
Risk Management
Business Resiliency

Enhances capability to anticipate disruption-related risks & increases preparedness to sustain critical operations

- Aligns with Strategic Vision
  Create a stronger, more reliable & resilient grid
- Builds upon a strong, existing foundation
  Leverage people, process & technology
Reputational Risk
Risk Management
Reputational Risk Program: Risk & Opportunity

Leading organizations manage reputational risk holistically across the enterprise using a well-defined, disciplined & operationalized reputation risk framework.

**Establish governance**
- Program charter
- Steering Committee for program oversight
- Establish a Working Group
- Prioritize work plan for first 180 days

**Consensus on desired reputation**
- Develop assessment framework & prioritize stakeholder groups

**Enhance internal awareness**
- Scenario Planning
  - Deploy brand-building strategy: targeted messaging campaigns & training
  - “What-if” scenario planning

**Refresh**
- Review & measure progress
- Update Trustees & Executive Management
- Identify steps for next 180 days

*Timeline*
- July to August: Establish governance
- September to November: Consensus on desired reputation
- December: Enhance internal awareness
- January 2017: Refresh
Q & A
Appendix
Organizational Structure
Board of Trustees Meeting

Chief Operating Officer Report
Presented By:
Joseph F. Kessler PE
EVP & Chief Operating Officer Utility Operations

October 6, 2016
COO Report Overview

- Performance
- Recent Events
- Look ahead with be covered separately
Performance Measures

<table>
<thead>
<tr>
<th>NYPAL OVERALL</th>
<th>June 2016</th>
<th>YTD</th>
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<tbody>
<tr>
<td></td>
<td>Actual</td>
<td>Target</td>
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<tr>
<td>Transmission Reliability (%)</td>
<td>94.12</td>
<td>99.18</td>
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<td>Environmental Incidents</td>
<td>3</td>
<td>2</td>
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<tr>
<td>DART Rate</td>
<td>0.73</td>
<td>0.78</td>
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</tbody>
</table>
Recent Events

- Niagara RMNPP Unit #2 Fire
- NERC CIP Version 5 Compliance
- VP Project Management SVP Power Supply
Utility Operations

First 100 Days

Prepared by:
Joseph F. Kessler PE
EVP and COO, Utility Operations

October 6, 2016
Utility Operations Context
Utility Operations: **Challenges**

**Internal**
- Agility – New Paradigm
- Linking Operational Decisions to P&L
- Line-of-sight strategies
- Succession

**External**
- New System Dynamics
- Regulation
- Physical & Cyber Security
- Disruptive Technologies
- Canals
Utility Operations: Opportunities

Internal

• High Level of Technical Competence
• Safety & Environmental Culture
• Strong Fleet of Assets
• Industry Reputation

External

• Leveraging Strategic Initiatives - DATA
• Accurate Resource Modeling – Providing value
• Canals
First 100 Days: Top Priorities

Being Present – Being a Good Teammate
Alignment of Organization

• Immediate moves completed.
• Realign centralized functions within Operations – Operational Excellence & other critical areas [Compliance & EH&S]
• Cascading Effects – Identifying High Potential Employees & Developing them
First 100 Days: **Top Priorities**

Theme: **Opportunities**
- Employee engagement – longer term succession issues, leveraging HR Initiatives on Knowledge Management & Workforce Development
- Engagement with our Represented Employees:
  - Safety – Security – Workforce Development
  - Finalize negotiations with UWUA
First 100 Days: Expected Output

Theme: Agility
• Strong bond with Gil and the Leadership Team
• Setting up for an agile organization ready to tackle & expedite Smart G&T and Asset Mgmt.
• Poised to respond to disruptive technology

Theme: Dependability
• Maintained high-level of performance in the areas we value today (EH&S, reliability, compliance, finance).
• Aligned KPIs
• Engaged Workforce.
Closing: Opportunity, Agility, Dependability
Chief Commercial Officer Report

Jill Anderson

July 21, 2016
Commercial Ops: Wholesale

**Contract & Market Revenue**

$1,140 M v. $1,381 M  
(actual v. budget June YTD)

17%

**Fuel Costs**

$51.6 M savings  
(actual v. budget June YTD)

**Market Context**

$29.93/MWh 2016 v. $56.02/MWh 2015  
(average monthly energy price YTD)

47%

**Hedging Program**

$21.9 M positive  
(June settlements YTD)
Commercial Ops: Economic Development

Transmission Business Development

Western NY: new 345kV line with NYSEG proposed
Central NY: upgrades with private developer proposed

Economic Development (as of June 2016)

Recharge NY: 753 MW out of 910 MW allocated
All programs: 414,824 jobs, $32.9 Billion capital committed
Commercial Ops: Customer

Energy Efficiency Implementation
($6.5 M) v. ($6.3 M) budget
Net projection year-end

Strategic Initiative
($4.5 M) deployed to date in grants and initiative investments

NY Energy Manager: Network Operations Center to open in August
K-Solar: 38 contracts signed, 5 projects totaling 2.3 MW in construction by year-end

Overall net year-end: ($21.6 M) projection, $9.1 M improvement on budget
First 100 Days: Commercial Operations

Jill Anderson
Commercial Ops Context

Retail
- Energy Services
- Economic Development

Wholesale
- Marketing Power Plants
Commercial Ops Context: **Challenges**

- **Retail**
  - Energy Services
    - Declining revenue
    - Changing demand
  - Economic Development
    - Shrinking discount
    - Customer compliance

- **Wholesale**
  - Marketing Power Plants
    - Sustained low prices
    - Increased competition
Commercial Ops Context: Opportunities

- **Retail**
  - Energy Services
    - New products
    - Clean energy mandates
  - Economic Development
    - Value will be sustained in select markets

- **Wholesale**
  - Marketing Power Plants
    - Market rule changes
    - Customer contract renewals
## First 100 Days: Top Priorities

<table>
<thead>
<tr>
<th>Energy Services</th>
<th>Economic Development</th>
<th>Wholesale</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. Align team through re-organization and expanded metrics</td>
<td>4. Identify customers at-risk of failing obligations</td>
<td>6. Pursue market rule changes and modeling modifications</td>
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</table>
First 100 Days: Expected Output

**Retail**

1. **Energy Services**
   - Redesign grants
   - Reduce projected losses, tie grants to revenue
2. **Economic Development**
   - Align team
   - Eliminate overlaps, bring team together around common goals
3. **Marketing Power Plants**
   - Assess comparative value
   - Align value proposition with new allocations
4. **Wholesale**
   - Identify at-risk customers
   - Enable outreach to reduce non-compliance, potential selling of energy services
5. **Updated business plan**
6. **Revised allocation strategy**
7. **2017/18 hedging plan**
Closing: Environment, Jobs, People
Chief Financial Officer Report

July 26, 2016
Net Income YTD June 2016

- Budget: $4
- Hydro Gen: $10
- O&M and Other: $47
- Contribution to State: $25
- Mark-to-Market Investment Portfolio: $16
- Canal Corp. Funding: ($18)
- Energy Price & Margin: ($56)
- Actual: $28
Net Income Outlook

2016

- Budget: $51
- Forecast w/o Canals: $49
- Forecast w/ Canals: ($26)
- Impact of Canals Integration Cost: ($14)
- Forecast w/ Canals Reimbursement/Cost and Integration Cost: ($40)

2017

- Forecast w/o Canals: $148
- Forecast w/ Canals: $82
- Forecast w/ Canals Reimbursement/Cost: $32
- Forecast w/ Canals Reimbursement/Cost and Integration Cost: $50

Footnotes:

a Forecast w/ Canals Reimbursement/Cost
b Impact of Canals Integration Cost
c Forecast w/ Canals Reimbursement/Cost and Integration Cost
Fixed Charge Coverage Ratio Outlook

2016

- FCCR - budget: 1.83x
- FCCR - w/o: 1.82x
- FCCR - canals reimbursement: 1.51x
- FCCR - canals reimb. and transition expense: 1.45x

2017

- FCCR - w/o: 2.25x
- FCCR - canals expense: 1.97x
- FCCR - canals and transition expense: 1.83x

Represents NYPA Target FCCR of 1.75x
Historically Low Interest Rates Present Opportunities

1. Refund & Restructure
   Up to $222M in outstanding bonds resulting in lower interest costs and improved financial metrics.
   NPV savings approx. $22M

2. Pre-fund
   Issue approximately $175M of bonds to pre-fund capital program expenditures for Life Extension and Modernization.

3. Floating-to-fixed
   Present to the Authority’s Energy Efficiency customers the chance to convert variable rate loans backed by commercial paper into fixed rate loans.
<table>
<thead>
<tr>
<th>Line</th>
<th>Company</th>
<th>City</th>
<th>County</th>
<th>Economic Region</th>
<th>IOU</th>
<th>Description</th>
<th>kW Request</th>
<th>kW Recommendation</th>
<th>Jobs Retained</th>
<th>Jobs Created</th>
<th>Total Job Commitment</th>
<th>Capital Investment ($)</th>
<th>Contract Term (years)</th>
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<td>1</td>
<td>Poly-Pak Industries, Inc.</td>
<td>Melville</td>
<td>Suffolk</td>
<td>Long Island</td>
<td>LIPA</td>
<td>Manufacturer of packaging products</td>
<td>781</td>
<td>390</td>
<td>225</td>
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<td>$1,000,000</td>
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<td>Slant/Fin Corporation</td>
<td>Greenvale</td>
<td>Nassau</td>
<td>Long Island</td>
<td>LIPA</td>
<td>Manufacturer of heating equipment</td>
<td>525</td>
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<td>$3,000,000</td>
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<td><strong>Long Island Region Sub-totals:</strong></td>
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<td>DePuy Synthes Products, Inc.</td>
<td>Horseheads</td>
<td>Chemung</td>
<td>Southern Tier</td>
<td>NYSEG</td>
<td>Manufacturer of medical devices</td>
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<td>1,400</td>
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<td>0</td>
<td>854</td>
<td>$24,000,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Line</td>
<td>Company</td>
<td>City</td>
<td>County</td>
<td>Economic Development Region</td>
<td>IOU</td>
<td>Description</td>
<td>kW Request</td>
<td>kW Recommendation (1)</td>
<td>Base Employment (2)</td>
<td>Job Creation Commitment</td>
<td>Project Capital Investment ($)</td>
<td>Contract Term (years)</td>
<td></td>
</tr>
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<td></td>
</tr>
<tr>
<td>1</td>
<td>Hudson River Foods Corp.</td>
<td>Castleton</td>
<td>Rensselaer</td>
<td>Capital District</td>
<td>NGRID</td>
<td>Organic and natural food production</td>
<td>1,360</td>
<td>950</td>
<td>0</td>
<td>18</td>
<td>$3,500,000</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Capital District Region Sub-totals:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>950</td>
<td>0</td>
<td>18</td>
<td>$3,500,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Entourage Commerce, LLC</td>
<td>Hauppauge</td>
<td>Suffolk</td>
<td>Long Island</td>
<td>LIPA</td>
<td>Fulfillment center for health &amp; beauty products</td>
<td>400</td>
<td>280</td>
<td>250</td>
<td>175</td>
<td>$24,000,000</td>
<td>(2) 7</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Long Island Region Sub-totals:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>280</td>
<td>250</td>
<td>175</td>
<td>$24,000,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Dollar General Corporation</td>
<td>Florida</td>
<td>Montgomery</td>
<td>Mohawk Valley</td>
<td>NGRID</td>
<td>Merchandise distribution center</td>
<td>3,000</td>
<td>2,100</td>
<td>0</td>
<td>300</td>
<td>$66,500,000</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Mohawk Valley Region Sub-totals:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2,100</td>
<td>0</td>
<td>300</td>
<td>$66,500,000</td>
<td></td>
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</tr>
<tr>
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<td>Totals</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3,330</td>
<td>250</td>
<td>493</td>
<td>$94,000,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(1) All expansion-based RNY Power allocations are recommended to be “up to” the amount indicated pending the applicant’s compliance with contractual commitments, including commitments relating to job creation, capital investment spending and power utilization.

(2) The number of new jobs committed will be above a base employment level specified in the power sale contract with the applicant.
### Retention-Based Allocations

<table>
<thead>
<tr>
<th>Line</th>
<th>Company</th>
<th>City</th>
<th>County</th>
<th>Economic Development Region</th>
<th>IOU</th>
<th>Description</th>
<th>KW Request</th>
<th>KW Recommendation</th>
<th>Jobs Retained</th>
<th>Jobs Created</th>
<th>Capital Investment ($)</th>
<th>Contract Term (years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Paper Battery Company</td>
<td>Troy</td>
<td>Rensselaer</td>
<td>Capital District</td>
<td>NGRID</td>
<td>Supercapacitor producer</td>
<td>34</td>
<td>16</td>
<td>12</td>
<td>0</td>
<td>$200,000</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>Capital District Region Sub-totals:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Alpine Overhead Doors, Inc.</td>
<td>East Setauket</td>
<td>Suffolk</td>
<td>Long Island</td>
<td>LIPA</td>
<td>Manufacturer of rolling doors and windows</td>
<td>143</td>
<td>70</td>
<td>26</td>
<td>0</td>
<td>$400,000</td>
<td>7</td>
</tr>
<tr>
<td>3</td>
<td>Astro Electroplating, Inc.</td>
<td>Bay Shore</td>
<td>Suffolk</td>
<td>Long Island</td>
<td>LIPA</td>
<td>Manufacturer of metallic coatings</td>
<td>355</td>
<td>176</td>
<td>38</td>
<td>0</td>
<td>$100,000</td>
<td>7</td>
</tr>
<tr>
<td>4</td>
<td>Optima Foods, Inc.</td>
<td>Deer Park</td>
<td>Suffolk</td>
<td>Long Island</td>
<td>LIPA</td>
<td>Distributor of food products</td>
<td>127</td>
<td>60</td>
<td>46</td>
<td>0</td>
<td>$200,000</td>
<td>7</td>
</tr>
<tr>
<td>5</td>
<td>Sunharbor Acquisition I LLC</td>
<td>Roslyn Heights</td>
<td>Nassau</td>
<td>Long Island</td>
<td>LIPA</td>
<td>Rehabilitation and nursing center</td>
<td>378</td>
<td>186</td>
<td>266</td>
<td>0</td>
<td>$250,000</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>Long Island Region Sub-totals:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>492</td>
<td>376</td>
<td>0</td>
<td></td>
<td>$950,000</td>
<td></td>
</tr>
</tbody>
</table>

**Retention-Based Totals**: 508 kW, 388 jobs retained, 0 jobs created, $1,150,000

### Expansion-Based Allocations

<table>
<thead>
<tr>
<th>Line</th>
<th>Company</th>
<th>City</th>
<th>County</th>
<th>Economic Development Region</th>
<th>IOU</th>
<th>Description</th>
<th>KW Request</th>
<th>KW Recommendation</th>
<th>Base Employment</th>
<th>Job Creation Commitment</th>
<th>Project Capital Investment ($)</th>
<th>Contract Term (years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>Alpine Overhead Doors, Inc.</td>
<td>East Setauket</td>
<td>Suffolk</td>
<td>Long Island</td>
<td>LIPA</td>
<td>Manufacturer of rolling doors and windows</td>
<td>30</td>
<td>16</td>
<td>26</td>
<td>10</td>
<td>$878,000</td>
<td>7</td>
</tr>
<tr>
<td>7</td>
<td>Astro Electroplating, Inc.</td>
<td>Bay Shore</td>
<td>Suffolk</td>
<td>Long Island</td>
<td>LIPA</td>
<td>Manufacturer of metallic coatings</td>
<td>70</td>
<td>36</td>
<td>38</td>
<td>12</td>
<td>$750,000</td>
<td>7</td>
</tr>
<tr>
<td>8</td>
<td>Optima Foods, Inc.</td>
<td>Deer Park</td>
<td>Suffolk</td>
<td>Long Island</td>
<td>LIPA</td>
<td>Distributor of food products</td>
<td>200</td>
<td>100</td>
<td>46</td>
<td>10</td>
<td>$1,000,000</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>Long Island Region Sub-totals:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>152</td>
<td>0</td>
<td>32</td>
<td></td>
<td>$2,628,000</td>
<td></td>
</tr>
</tbody>
</table>

**Expansion-Based Totals**: 152 kW, 0 jobs created, 32 jobs retained, $2,628,000

**Retention & Expansion-Based Totals**: 660 kW, 388 jobs retained, 32 jobs created, $3,778,000

(1) These applicants are being recommended for both RNY retention and expansion-based allocations.
(2) The number of new jobs committed will be above a base employment level specified in the applicant’s retention-based allocation recommendation.
(3) Indicates a retention-based allocation recommendation
(4) Indicates an expansion-based allocation recommendation
(5) All expansion-based RNY Power allocations are recommended to be “up to” the amount indicated pending the applicant’s compliance with contractual commitments, including commitments relating to job creation, capital investment spending and power utilization.
<table>
<thead>
<tr>
<th>Line</th>
<th>Company</th>
<th>City</th>
<th>County</th>
<th>Economic Development Region</th>
<th>IOU</th>
<th>Description</th>
<th>Reason</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>BioBAT, Inc.</td>
<td>Brooklyn</td>
<td>Kings</td>
<td>New York City</td>
<td>CONED</td>
<td>Provides biotechnology incubator space</td>
<td>1) The applicant’s power demand fluctuates significantly due to standard operating conditions and therefore an RNY allocation based on such fluctuating power demand would be unlikely to have a meaningful impact on the applicant’s operating costs particularly during times of reduced demand. 2) The applicant itself can only commit to a small number of direct jobs due to the nature of its business. Other persons working at the facility would be employed by organizations renting out incubator space and would not be subject to long term commitments by the applicant.</td>
</tr>
<tr>
<td>2</td>
<td>Globe Metallurgical, Inc.</td>
<td>Niagara</td>
<td>Western New York</td>
<td>NGRID</td>
<td>Silicon metal smelting</td>
<td>The applicant is currently receiving a hydropower allocation under NYPA's Replacement Power (RP) program. While it has applied for an RNY expansion allocation, the applicant has not committed to create new jobs to support its RNY Power application. Rather, it seeks to support this application with the same jobs that are already part of the commitment it made to secure its RP allocation. In addition, the Authority recently took compliance action against this applicant in connection with its failure to satisfy job commitments made in connection with its RP allocation. Staff’s investigation based on information supplied by the applicant determined that no basis existed to believe that the applicant was in a position to create new jobs in the near future.</td>
<td></td>
</tr>
<tr>
<td>Line</td>
<td>Company</td>
<td>City</td>
<td>County</td>
<td>Economic Development Region</td>
<td>IOU</td>
<td>Description</td>
<td>Reason</td>
</tr>
<tr>
<td>------</td>
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<td>------------------------------</td>
<td>-------</td>
<td>------------------------------------</td>
<td>------------------------------------------------------------------------</td>
</tr>
<tr>
<td>1</td>
<td>Cosmoledo LLC</td>
<td>Bronx</td>
<td>Bronx</td>
<td>New York City</td>
<td>CONED</td>
<td>Commercial bakery</td>
<td>Applicant has been unresponsive to requests by staff for additional information, preventing a complete analysis of the application.</td>
</tr>
<tr>
<td>2</td>
<td>Long Island LGBT Health and Human Services Network</td>
<td>Patchogue</td>
<td>Suffolk</td>
<td>Long Island</td>
<td>LIPA</td>
<td>Workforce development and training</td>
<td>Applicant has been unresponsive to requests by staff for additional information, preventing a complete analysis of the application.</td>
</tr>
<tr>
<td>Exhibit Number</td>
<td>Company Name</td>
<td>Program</td>
<td>City</td>
<td>County</td>
<td>Base Jobs</td>
<td>New Jobs</td>
<td>Estimated Capital Investment</td>
</tr>
<tr>
<td>---------------</td>
<td>---------------------------</td>
<td>---------</td>
<td>------------------</td>
<td>--------</td>
<td>-----------</td>
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<td>----------------------------</td>
</tr>
<tr>
<td>A-1</td>
<td>Niagara Coatings Services, Inc.</td>
<td>RP</td>
<td>Town of Niagara</td>
<td>Niagara</td>
<td>25</td>
<td>3</td>
<td>$475,000</td>
</tr>
<tr>
<td>Totals</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$475,000</td>
</tr>
</tbody>
</table>
APPLICATION SUMMARY  
Replacement Power

Company: Niagara Coatings Services, Inc.

Project Location: Town of Niagara

County: Niagara County

IOU: National Grid

Business Activity: Provider of sandblasting, coating and painting services for industrial equipment and structures.

Project Description: The applicant will undertake an expansion of its operations by opening a second, nearby plant after making improvements and installing new equipment in order to expand its sandblasting and painting services.

Existing Allocation(s): 200 kW of RP

Power Request: 125 kW

Power Recommended: 100 kW

Job Commitment:
  Base: 25 jobs
  New: At least 3 jobs

New Jobs/Power Ratio: 30 jobs/MW

New Jobs - Avg. Wage and Benefits: $34,844

Capital Investment: At least $475,000

Capital Investment/MW: $4.75 million/MW

Other ED Incentives: None

Summary: Niagara Coatings will open a second plant to expand its sandblasting, coatings and painting business. Going into its fifth decade of operations in the Town of Niagara, Niagara Coatings is also planning $500,000 in additional capital improvements over the next five years to maintain its commitment to Western New York.
<table>
<thead>
<tr>
<th>Company Name</th>
<th>Program</th>
<th>City</th>
<th>County</th>
<th>Base Jobs</th>
<th>New Jobs</th>
<th>Estimated Capital Investment</th>
<th>New Jobs Avg. Wage Benefits</th>
<th>Power Requested (kW)</th>
<th>Power Recommended (kW)</th>
<th>Contract Term</th>
</tr>
</thead>
<tbody>
<tr>
<td>Roth Industries Inc.</td>
<td>PP</td>
<td>Watertown</td>
<td>Jefferson</td>
<td>14</td>
<td>8</td>
<td>$6,700,000</td>
<td>1,200</td>
<td>600</td>
<td>600</td>
<td>7 Years</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
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<td></td>
<td>8</td>
<td></td>
<td>$6,700,000</td>
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</tbody>
</table>
APPLICATION SUMMARY
Preservation Power

Company: Roth Industries Inc. (“Roth”)
Location: Watertown
County: Jefferson
IOU: National Grid

Business Activity: Producer of domestic hot water solar and geothermal heat pumps, radiant floor heating and PEX-c plumbing systems, and septic, cistern, rainwater collection and oil storage systems and tanks.

Project Description: Roth is planning a 27,000-square-foot expansion to its existing facility, which will include new equipment to increase production.

Existing Allocation(s): None

Power Request: 1,200 kW
Power Recommended: 600 kW

Job Commitment:
Base: 14
New: At least 8 jobs

New Jobs/Power Ratio: 13 jobs/MW

New Jobs -
Avg. Wage and Benefits: $52,000

Capital Investment: At least $6.7 million
Capital Investment/MW: $11.17 million/MW

Other ED Incentives: PILOT and sales tax incentives from the Jefferson County IDA and $425,000 in Excelsior tax credits from Empire State Development.

Summary: The Roth companies are based in Germany, and Roth’s Watertown facility is the company’s first U.S.-based facility. In order to increase production capacity, reduce redundancy and improve competitiveness, Roth is looking to expand this facility and install a new blow molding machine. The expansion will allow Roth to add a third shift and begin balancing manufacturing loads between its Syracuse and Watertown facilities.
POWER AUTHORITY

OF THE

STATE OF NEW YORK

30 South Pearl Street
10th Floor
Albany, New York 12207-3425

AGREEMENT FOR THE SALE OF
PRESERVATION POWER AND ENERGY

to

ROTH INDUSTRIES INC.
The Power Authority of the State of New York (“Authority”), created pursuant to Chapter 772 of the New York Laws of 1931 and existing under Title 1 of Article 5 of the New York Public Authorities Law (“PAL”), having its office and principal place of business at 30 South Pearl Street, 10th Floor, Albany, New York 12207-3425, hereby enters into this Agreement for the Sale of Preservation Power and Energy (“Agreement”) to Roth Industries Inc., with offices at 268 Bellew Avenue South, Watertown, New York, 13601 (“Customer”). The Authority and the Customer are from time to time referred to in this Agreement individually as a “Party” or collectively as the “Parties” and agree as follows:

**RECITALS**

WHEREAS, the Authority is authorized to sell hydroelectric power produced by the St. Lawrence-FDR Power Project known as Preservation Power (or “PP”), as further defined in this Agreement, to qualified businesses in New York State in accordance with PAL § 1005(5) and (13);

WHEREAS, PP consists of 490 megawatts (“MW”) of firm hydroelectric power and associated energy produced by the St. Lawrence-FDR Power Project;

WHEREAS, St. Lawrence-FDR Power Project hydroelectric power plays an important role in providing competitively priced power for sale to attract and retain business investment and to promote economic development in New York State;

WHEREAS, the Authority has the authority under PAL § 1005(13)(a) to award allocations of PP based on, among other things, the criteria listed in the PAL, including but not limited to an applicant’s long-term commitment to the region as evidenced by the current and planned capital investment; the type and number of jobs supported or created by the allocation; and the state, regional and local economic development strategies and priorities supported by local units of governments in the area in which the recipient’s facilities are located;

WHEREAS, the Customer has applied for an allocation of PP for use at facilities located at 268 Bellew Avenue South, Watertown, New York, 13601 (defined in Article I of this Agreement as the “Facility”) to be received upon completion of an expansion of the Facility as provided for in the Capital Expansion Program described in this Agreement;

WHEREAS, on July 26, 2016, the Authority’s Board of Trustees (“Trustees”) approved a 600 kilowatt allocation of PP (defined in Article I of this Agreement as the “Allocation”) to the Customer for a seven year term, as further described in this Agreement;

WHEREAS, the provision of Electric Service (defined in Article I of this Agreement) associated with the Allocation is an unbundled service separate from the transmission and delivery service necessary for the Customer to receive the Allocation which will be performed by the Customer’s local utility company;

WHEREAS, the Authority has complied with requirements of PAL § 1009 which specifies the approval process for contracts negotiated by the Authority; and
WHEREAS, the Governor of the State of New York has approved the terms of this Agreement pursuant to PAL § 1009(3).

NOW THEREFORE, in consideration of the mutual covenants herein, the Authority and the Customer agree as follows:

Article I. Definitions

A. Agreement means this Agreement as further described in the preamble, including all documents and other matters attached to and incorporated into the Agreement.

B. Allocation refers to the total amount of PP and associated energy set forth in Schedule A to this Agreement awarded to the Customer.

C. Contract Demand has the meaning set forth in the Service Tariff.

D. Electric Service is Firm Power and Firm Energy associated with the Allocation and sold to the Customer in accordance with the provisions of this Agreement, the Service Tariff, and the Rules.

E. Energy Efficiency Audit means a physical inspection of a building in a manner approved by the Authority that should include the following elements: (1) an assessment of a building’s energy use, cost and efficiency which produces an energy utilization index for the building (such as an Energy Use Intensity or Energy Performance Indicator); (2) a comparison of the building’s index to indices for similar buildings; (3) an analysis of low-cost/no-cost measures for improving energy efficiency; (4) a listing of potential capital improvements for improving energy consumption; and (5) an initial assessment of potential costs and savings from such measures and improvements.

F. Facility means the Customer’s facility identified in Schedule A.

G. Firm Energy has the meaning set forth in the Service Tariff.

H. Firm Power has the meaning set forth in the Service Tariff.

I. FERC means the Federal Energy Regulatory Commission (or any successor organization).

J. FERC License means the license issued by FERC to the Authority for the continued operation and maintenance of the St. Lawrence Project, pursuant to Section 15 of the Federal Power Act, which became effective October 22, 2003 after expiration of the Project’s original license issued in 1953.

K. Hydro Projects is a collective reference to the Authority’s Niagara Project and St. Lawrence-FDR Project.
L. **International Joint Commission** (or IJC) refers to the entity with responsibility to prevent and resolve disputes between the United States of America and Canada under the *1909 Boundary Waters Treaty* and pursues the common good of both countries as an independent and objective advisor to the two governments. The IJC rules upon applications for approval of projects affecting boundary or transboundary waters and may regulate the operation of these projects.

M. **Load Serving Entity** (or LSE) means an entity designated by a retail electricity customer to provide capacity, energy and ancillary services to serve such customer, in compliance with NYISO Tariffs, rules, manuals and procedures.

N. **NYISO** means the New York Independent System Operator, Inc. or any successor organization.

O. **NYISO Charges** has the meaning set forth in the Service Tariff.

P. **NYISO Tariffs** means the NYISO’s Open Access Transmission Tariff or the NYISO’s Market Administration and Control Area Services Tariff, as applicable, as such tariffs are modified from time to time, or any successor to such tariffs.

Q. **PAL** means the New York Public Authorities Law.

R. **Preservation Power** (or PP) has the meaning set forth in the Service Tariff.

S. **Niagara Project** means the Authority’s Niagara Power Project, FERC Project No. 2216.

T. **Rules** refers to the Authority's Rules and Regulations for Power Service (Part 454 of Chapter X of Title 21 of the Official Compilation of Codes, Rules and Regulations of the State of New York), as may be modified from time to time by Authority.

U. **St. Lawrence Project** means the Authority’s St. Lawrence-FDR Power Project, FERC Project No. 2000.

V. **Schedule A** refers to the Schedule A to this Agreement entitled “Preservation Power Allocations” which is attached to and made part of this Agreement.

W. **Schedule B** refers to the Schedule B to this Agreement entitled “Preservation Power Commitments” which is attached to and made part of this Agreement.

X. **Schedule C** refers to Schedule C to this Agreement entitled “Takedown Schedule” which is attached to and made part of this Agreement.

Y. **Service Tariff** means the Authority’s Service Tariff No. 10, as may be modified from time to time by the Authority, which contains, among other things, the rate schedule establishing rates and other commercial terms for sale of Electric Service to Customer under this Agreement.
Z. **Substitute Energy** means energy that the Authority provides at the request of the Customer to replace hydroelectric power that would otherwise have been supplied to the Customer under this Agreement.

AA. **Taxes** have the meaning set forth in the Service Tariff.

BB. **Unforced Capacity** (or **UCAP**) is the electric capacity required to be provided by Load Serving Entities to serve electric load as defined by the NYISO Tariffs, rules, manuals and procedures.

**Article II. Electric Service**

A. The Authority shall provide Electric Service to the Customer to enable the Customer to receive the Allocation in accordance with this Agreement, the Service Tariff and the Rules. The Customer shall not be entitled to receive Electric Service for any PP Allocation that is not specified in Schedule A.

B. The Authority will provide, and the Customer shall pay for, Electric Service with respect to the Allocation specified on Schedule A. If Schedule C specifies a Takedown Schedule for the Allocation, the Authority will provide, and the Customer shall take and pay for, Electric Service with respect to the Allocation in accordance with such Takedown Schedule.

C. The Authority shall provide UCAP in amounts necessary to meet the Customer’s NYISO UCAP requirements associated with the Allocation in accordance with the NYISO Tariffs. The Customer shall be responsible to pay the Authority for such UCAP in accordance with the Service Tariff.

D. The Customer acknowledges and agrees that Customer’s local electric utility shall be responsible for delivering the Allocation to the Facility specified in Schedule A, and that the Authority has no responsibility for delivering the Allocation to the Customer.

E. The Contract Demand and the Allocation may be modified by the Authority if the amount of Firm Power and Firm Energy available for sale as PP from the St. Lawrence Project is modified as required to comply with any ruling, order, or decision of any regulatory or judicial body having jurisdiction, including but not limited to FERC. Any such modification will be made on a pro rata basis to all PP customers, as applicable, based on the terms of such ruling, order, or decision. The Authority will use reasonable efforts to provide at least thirty (30) days prior written notice to the Customer of any such modification unless such notice is inconsistent with such ruling, order or decision.

F. The Contract Demand may not exceed the Allocation.

G. By entering into this Agreement, the Customer consents to the exchange of information between the Authority and the Customer’s local electric utility pertaining to the Customer that such parties determine is necessary to provide for the allocation, sale and delivery of PP to the Customer, the proper and efficient implementation of the PP power program, billing related to
PP Power, and/or the performance of such parties’ obligations under any contracts or other arrangements between them relating to such matters. In addition, the Customer agrees to complete such forms and consents the Authority determines are necessary to effectuate such exchanges of information.

H. The provision of Electric Service by the Authority shall be dependent upon the existence of a written agreement between the Authority and the Customer’s local electric utility providing for the delivery of PP on terms and conditions that are acceptable to the Authority.

I. The Customer understands and acknowledges that the Authority may from time to time require the Customer to complete forms, provide documentation, execute consents and provide other information (collectively, “Information”) the Authority determines is necessary for the provision of Electric Service, the delivery of PP, billing related to the PP program, the effective and proper administration of the PP program, and/or the performance of contracts or other arrangements between the Authority and the Customer’s local electric utility. The Customer’s failure to provide such Information shall be grounds for the Authority in its sole discretion to withhold or suspend Electric Service to the Customer.

Article III. Rates, Terms and Conditions

A. The Authority will provide Electric Service to the Customer based on the rates, terms and conditions established in accordance with this Agreement, the Service Tariff and the Rules.

B. The Service Tariff and the Rules may be amended from time to time by the Authority. The Authority shall provide at least thirty (30) days prior written notice to the Customer of any proposed change in the Service Tariff or the Rules. No subsequent amendment to the Service Tariff or the Rules shall affect the determination of rates for PP to the Customer during the term of the Agreement except insofar as otherwise authorized by this Agreement. This provision shall not limit the Authority’s discretion to determine rates applicable to allocations of power and energy awarded to the Customer beyond or in addition to the Allocation.

C. Notwithstanding any provision of this Agreement to the contrary, the power and energy rates shall be subject to increase by the Authority at any time upon 30 days prior written notice to Customer if, after consideration by the Authority of its legal obligations, the marketability of the output or use of the St. Lawrence Project and the Authority’s competitive position with respect to other suppliers, the Authority determines in its discretion that increases in rates obtainable from any other Authority customers will not provide revenues, together with other available Authority funds not needed for operation and maintenance expenses, capital expenses, and reserves, sufficient to meet all requirements specified in the Authority’s bond and note resolutions and covenants with the holders of its financial obligations. The Authority shall use its best efforts to inform the Customer at the earliest practicable date of its intent to increase the power and energy rates pursuant to this provision. Any rate increase to the Customer under this subsection shall be on a non-discriminatory basis as compared to other Authority customers that are subject to the Service Tariff after giving consideration to the factors set forth in the first sentence of this subsection. With respect to any such increase, the
Authority shall forward to the Customer with the notice of the increase, an explanation of all reasons for the increase, and shall also identify the sources from which the Authority will obtain the total of increased revenues and the bases upon which the Authority will allocate the increased revenue requirements among its customers. Any such increase in rates shall remain in effect only so long as the Authority determines such increase is necessary to provide revenues for the purposes stated in the preceding sentences.

Article IV. Billing and Billing Methodology

A. The billing methodology for the Allocation shall be determined on a “load factor sharing” basis in a manner consistent with the local electric utility’s applicable tariffs and any agreement between the Authority and the Customer’s local electric utility. An alternative basis for billing may be used provided the Parties agree in writing and the local electric utility provides its consent if such consent is deemed necessary.

B. The Authority shall render bills for power and energy by the tenth (10th) business day of the month for charges due for the previous month. Such bills shall include the NYISO Charges and Taxes (as such terms are defined in the Service Tariff) associated with the Allocation. NYISO Charges and Taxes billed to the Customer are subject to adjustments consistent with any subsequent NYISO re-billings to Authority.

C. The Authority may render bills to the Customer electronically.

D. The Authority and the Customer may agree in writing to an alternative method for the rendering of bills and for the payment of bills, including but not limited to the use of an Authority-established customer self-service web portal.

E. The Authority will charge and collect from the Customer all Taxes (including local, state and federal taxes) the Authority determines are applicable, unless the Customer furnishes the Authority with proof satisfactory to the Authority that (i) the Customer is exempt from the payment of any such Taxes, and/or (ii) the Authority is not obligated to collect such Taxes from the Customer. If the Authority is not collecting Taxes from the Customer based on the circumstances described in (i) or (ii) above, the Customer shall immediately inform the Authority of any change in circumstances relating to its tax status that would require the Authority to charge and collect such Taxes from the Customer.

F. Unless otherwise agreed to by the Authority and the Customer in writing, if the Customer fails to pay any bill when due, an interest charge of two percent (2%) of the amount unpaid shall be added thereto as liquidated damages, and thereafter, as further liquidated damages, an additional interest charge of one and one-half percent (1 1/2%) of the sum unpaid shall be added on the first day of each succeeding billing period until the amount due, including interest, is paid in full.

G. Unless otherwise agreed to by the Authority and the Customer in writing, in the event the Customer disputes any item of any bill rendered by Authority, the Customer shall pay such
bill in full within the time provided for by this Agreement, and adjustments, if appropriate, will be made thereafter.

H. If at any time after commencement of Electric Service the Customer fails to make complete and timely payment of any two (2) bills for Electric Service, the Authority shall have the right to require the Customer to deposit with the Authority a sum of money in an amount equal to all charges that would be due under this Agreement for Electric Service for two (2) consecutive calendar months as estimated by the Authority. Such deposit shall be deemed security for the payment of unpaid bills and/or other claims of the Authority against the Customer upon termination of Electric Service. If the Customer fails or refuses to provide the deposit within thirty (30) days of a request for such deposit, the Authority may, in its sole discretion, suspend Electric Service to the Customer or terminate this Agreement.

I. All other provisions with respect to billing are set forth in the Service Tariff.

J. The rights and remedies provided to the Authority in this Article are in addition to any and all other rights and remedies available to Authority at law or in equity.

**Article V. Transmission and Delivery of Power and Energy**

A. The Customer shall responsible for securing arrangements with its local utility for transmission and delivery service associated with the Allocation unless otherwise agreed to by the Parties.

B. The Customer will pay its local utility for transmission and delivery service associated with the Allocation in accordance applicable contracts and all applicable tariffs, rulemakings, and orders, in order to deliver to the Customer the Firm Power and Firm Energy supplied by the Authority under this Agreement. To the extent the Authority incurs transmission and delivery service charges or other costs associated with the Allocation during the term of this Agreement, the Customer agrees to compensate the Authority for all such charges and costs incurred.

C. The Customer understands and acknowledges that delivery of the Allocation will be made over transmission facilities under the control of the NYISO. The Authority will act as the LSE with respect to the NYISO, or arrange for another entity to do so on the Authority’s behalf as may be required under the applicable local utility company tariffs. In no event shall the Authority act as the LSE for the power and energy consumed by Customer other than Electric Service (inclusive of Substitute Energy, if any) sold by the Authority under this Agreement. The Customer understands and acknowledges that it will be responsible to the Authority for all charges and other costs incurred by the Authority associated with the provision of Electric Service to enable the Customer to receive the Allocation, including charges and costs contained in the NYISO Tariffs or other applicable tariffs (including local utility company tariffs), regardless of whether such charges and costs are transmission-related. Such charges and costs are in addition to the charges for power and energy.
Article VI. Preservation Power Commitments

A. Schedule B sets forth the Customer’s specific “Preservation Power Commitments.” Such commitments are in addition to any other rights and obligations of the Parties provided for in the Agreement.

B. The Authority’s obligation to provide Electric Service to the Customer under this Agreement is expressly conditioned upon the Customer’s timely completion of the Capital Expansion Program regarding the Facility as described in Schedule B.

C. In the event of partial completion of the Capital Expansion Program which results in the Facility expansion being partially completed, the Authority may, upon the Customer’s request, provide Electric Service to the Customer in an amount determined by the Authority to fairly correspond to the completed portion of the Facility expansion, provided that the Customer demonstrates that the amount of requested Electric Service is needed to support operations thereat.

D. The Customer shall give the Authority not less than ninety (90) days’ advance notice in writing of the anticipated date of partial or full completion of the Facility expansion. The Authority will inspect the Facility expansion for the purpose of verifying the completion status of the Facility expansion and notify Customer of the results of the inspection. The Authority will thereafter commence Electric Service in accordance with this provision within a reasonable time after verification based on applicable operating procedures of the Authority, the Customer’s local electric utility and the NYISO.

E. In the event the Customer fails to complete the Facility expansion by July 26, 2019 (i.e., within three (3) years of the Authority’s award of the Allocation), (i) the Authority may, at its option and discretion, cancel the Allocation, or reduce it by the total amount of kilowatts determined by the Authority to fairly correspond to the uncompleted portion of the Facility expansion, or (ii) upon request of the Customer, such date may be extended by the Authority in its sole discretion.

Article VII. Rules and Service Tariff; Conflicts

The Service Tariff is hereby incorporated into this Agreement with the same force and effect as if set forth herein at length. In the event of any inconsistencies, conflicts or differences between the provisions of the Service Tariff and the Rules, the provisions of the Service Tariff shall govern. In the event of any inconsistencies, conflicts or differences between the provisions of this Agreement and the Service Tariff, the provisions of this Agreement shall govern.

Article VIII. Hydropower Curtailments and Substitute Energy

A. If, as a result of reduced water flows caused by hydrologic conditions, there is insufficient energy from the Hydro Projects to supply the full power and energy requirements of the Authority’s firm power customers served by the Authority from the Hydro Projects,
curtailments (i.e., reductions) in the amount of Firm Power and Firm Energy associated with the Allocation to which the Customer is entitled shall be applied on a pro rata basis to all firm power and energy customers served from the Hydro Projects, consistent with the Service Tariff as applicable.

B. The Authority shall provide reasonable notice to the Customer of any curtailments referenced in Article VIII.A of this Agreement that could impact Customer’s Electric Service under this Agreement.

C. Upon written request by the Customer, the Authority will provide Substitute Energy to the Customer to replace the hydroelectricity that would otherwise have been supplied under this Agreement. The provision of Substitute Energy may be terminated by the Authority or the Customer on fifteen (15) days’ prior written notice.

D. For each kilowatt-hour of Substitute Energy supplied by the Authority, the Customer will pay the Authority directly during the billing month: (1) the difference between the market cost of the Substitute Energy and the charge for firm energy as provided for in this Agreement; and (2) any NYISO charges and taxes the Authority incurs in connection with the provision of such Substitute Energy. Billing and payment for Substitute Energy shall be governed by the Billing and Payments provision of the Authority’s Rules (Section 454.6) and shall apply directly to the Substitute Energy service supplied to the Customer.

E. The Parties may enter into a separate agreement to facilitate the provision of Substitute Energy, provided, however, that the provisions of this Agreement shall remain in effect notwithstanding any such separate agreement. The provision of Substitute Energy may be terminated by the Authority or the Customer on fifteen (15) days’ prior written notice.

**Article IX. Additional Allocations**

A. Upon application by the Customer, the Authority may award additional allocations of PP to the Customer at such rates and on such terms and conditions as set forth in the Service Tariff. Once the Customer agrees to purchase Electric Service associated with such additional allocations, the Authority will produce modified or supplemental Schedules A and B which will reflect any such additional allocations and other pertinent terms as appropriate. The Authority will furnish the Customer with any such modified or supplemental Schedules within thirty (30) days of the commencement of Electric Service for any such additional allocation.

B. The Customer shall furnish such documentation and other information as the Authority requests to enable the Authority to evaluate (i) whether any additional allocations should be made to the Customer, and (ii) the terms relating to any additional allocation.
Article X. Notification

A. Correspondence involving the administration of this Agreement shall be addressed as follows:

To: The Authority

New York Power Authority
123 Main Street
White Plains, New York 10601
Telephone:
Facsimile: (914) 390-8156
Electronic mail:
Attention: Manager – Business Power Allocations and Compliance

To: Customer

Roth Industries Inc.
268 Bellew Avenue South
Watertown, New York 13601
Telephone:
Facsimile:
Electronic mail:
Attention:

B. Except where otherwise herein specifically provided, any notice, communication or request required or authorized by this Agreement by either Party to the other shall be deemed properly given: (1) if sent by U.S. First Class mail addressed to the Party at the address set forth above; (2) if sent by a nationally recognized overnight delivery service, two (2) calendar days after being deposited for delivery to the appropriate address set forth above; (3) if delivered by hand, with written confirmation of receipt; (4) if sent by facsimile to the appropriate fax number as set forth above, with written confirmation of receipt; or (5) if sent by electronic mail to the appropriate address as set forth above, with written confirmation of receipt. Either Party may change the addressee and/or address for correspondence sent to it by giving written notice in accordance with the foregoing. Any claim, suit, action or any other proceeding in law or equity arising under, or in any way relating to this Agreement shall be governed by and construed in accordance with the laws of the State of New York to the extent that such laws are not inconsistent with the FERC License and rulings by the IJC and without regard to conflicts of law provisions.
Article XI. Venue

Each Party consents to the exclusive jurisdiction and venue of any state or federal court within or for Albany County, New York, with subject matter jurisdiction for adjudication of any claim, suit, action or any other proceeding in law or equity arising under, or in any way relating to this Agreement.

Article XII. Successors and Assigns; Transfers; Resale of PP

A. This Agreement shall be binding upon, shall inure to the benefit of, and may be performed by, the legal successors and assigns of either Party hereto; provided, however, that no assignment by either Party or any successor or assignee of such Party of its rights and obligations hereunder shall be made or become effective without the prior written consent of the other Party in each case obtained.

B. The transfer of any portion of the Allocation, or any benefits relating the Allocation, by the Customer to any person, to a different owner or operator of the Facility, or to a different facility, is prohibited unless (i) specifically approved by the Authority, and, (ii) all other legal requirements applicable to such a transfer are complied with. Any transfer that occurs without such approval and compliance shall be invalid and transfer may in the Authority’s sole discretion subject the transferor to revocation or modification of the Allocation and/or this Agreement.

C. The Customer may not resell any portion of the Allocation to any person. If such a sale occurs, the Authority may, in its sole discretion, terminate the Allocation and/or this Agreement.

Article XIII. Previous Agreements and Communications

This Agreement shall constitute the sole and complete agreement of the Parties hereto with respect to the sale of PP, and supersedes all previous communications between the Parties hereto, either oral or written, with respect to the sale of PP. No modifications of this Agreement shall be binding upon the Parties hereto or either of them unless such modification is in writing and is signed by a duly authorized officer of each of them.

Article XIV. Waiver

A. Any waiver at any time by either the Authority or the Customer of their rights with respect to a default or of any other matter arising out of this Agreement shall not be deemed to be a waiver with respect to any other default or matter.

B. No waiver by either Party of any rights with respect to any matter arising in connection with this Agreement shall be effective unless made in writing and signed by the Party making the waiver.
Article XV. Severability and Voidability

A. If any term or provision of this Agreement is invalidated, declared unlawful or ineffective in whole or in part by an order of the FERC or a court of competent jurisdiction, such order shall not invalidate the remaining terms or provisions hereof.

B. Notwithstanding the preceding paragraph, if any provision of this Agreement is rendered void or unenforceable or otherwise modified by a court or agency of competent jurisdiction, the entire Agreement shall, at the option of either Party and only in such circumstances in which such Party’s interests are materially and adversely impacted by any such action, be rendered void and unenforceable by such affected Party.

Article XVI. Term, Modification, Termination and Effect

A. Electric Service under this Agreement shall continue with respect to an Allocation until the earliest of: (1) termination by the Customer with respect to all of the Allocation upon at least ninety (90) days prior written notice to the Authority; (2) termination by Authority pursuant to the Rules upon required notice; or (3) expiration of the Allocation by its own term as specified in Schedule A.

B. The Customer may exercise a partial termination of the Allocation upon at least thirty (30) days prior written notice to the Authority. The termination shall be effective commencing with the first “Billing Period” as defined in the Service Tariff following the required notice.

C. The Authority may modify or terminate Electric Service hereunder or modify the quantities of power and energy associated with an Allocation: (1) if such termination or modification is required to comply with any final ruling, order or decision of any regulatory or judicial body of competent jurisdiction (including any licensing or re-licensing order or orders of the FERC or its successor agency); or (2) as otherwise provided in this Agreement or in the Rules.

D. This Agreement shall become legally binding and effective only upon satisfaction of the following conditions precedent: (1) receipt of approval of this Agreement by the Authority Board of Trustees; (2) receipt of approval of this Agreement by the Governor of the State of New York pursuant to PAL § 1009; and (3) execution of this Agreement by the Authority and the Customer.

Article XVII. Execution

To facilitate execution, this Agreement may be executed in as many counterparts as may be required, and it shall not be necessary that the signatures of, or on behalf of, each Party, or that the signatures of all persons required to bind any Party, appear on each counterpart; but it shall be sufficient that the signature of, or on behalf of, each Party, or that the signatures of the persons required to bind any Party, appear on one or more of the counterparts. All counterparts shall collectively constitute a single agreement. It shall not be necessary in making proof of this Agreement to produce or account for more than a number of counterparts containing the respective signatures of, or on behalf of, all of the Parties hereto. The delivery
of an executed counterpart of this Agreement by email as a PDF file shall be legal and binding and shall have the same full force and effect as if an original executed counterpart of this Agreement had been delivered.

[SIGNATURES FOLLOW ON NEXT PAGE]
AGREED:

ROTH INDUSTRIES INC.

BY: ________________________________

Title: ________________________________

Date: ________________________________

AGREED:

POWER AUTHORITY OF THE STATE OF NEW YORK

By: ________________________________

    John R. Koelmel, Chairman

Date: ________________________________
**SCHEDULE A**

**PRESERVATION POWER ("PP") ALLOCATIONS**

Customer: Roth Industries Inc.

<table>
<thead>
<tr>
<th>Type of Allocation</th>
<th>Allocation (kW)</th>
<th>Trustee Approval Date</th>
<th>Expiration Date</th>
<th>Facility</th>
</tr>
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<tbody>
<tr>
<td>PP</td>
<td>600</td>
<td>July 26, 2016</td>
<td>Seven (7) years from commencement of Electric Service of any portion of this Allocation</td>
<td>268 Bellew Avenue South, Watertown, NY 13601</td>
</tr>
</tbody>
</table>
SCHEDULE B

PRESERVATION POWER COMMITMENTS

ARTICLE I. EMPLOYMENT COMMITMENTS

A. Base Employment Level

The Customer shall establish and maintain the employment level as provided for in the Appendix to this Schedule B (the “Base Employment Level”). Unless otherwise provided for in Schedule B, such Base Employment Level shall be the total number of full-time positions held by: (1) individuals employed by the Customer at the Facility identified in the Appendix to this Schedule B; and (2) individuals who are contractors or are employed by contractors of the Customer and who are assigned to such Facility (collectively, “Base Level Employees”). The number of Base Level Employees shall not include individuals employed on a part-time basis (less than 35 hours per week); provided, however, that two individuals each working at least 20 hours but not more than 35 hours per week shall be counted as one Base Level Employee.

The Customer shall not establish or maintain the Base Employment Level by transfers of employees from previously held positions with the Customer or its affiliates located within New York State, except that the Base Employment Level may be filled by employees of the Customer laid off from other Customer facilities for bona fide economic or management reasons.

The Authority may consider a request to change the Base Employment Level based on a claim of increased productivity, increased efficiency, or adoption of new technologies or for other appropriate reasons as determined by the Authority. The Authority shall have the sole discretion to make any such change.

B. Employment Records and Reports

A record shall be kept monthly by the Customer, and provided on a calendar year basis to the Authority, of the total number of Customer employees and contractor employees at the Facility, as reported to the United States Department of Labor (or as reported in such other record as agreed upon by the Authority and the Customer). Such report shall separately identify Customer employees and contractor employees and shall be certified to be correct by an officer of the Customer, plant manager or such other person authorized by the Customer to prepare and file such report and shall be provided to the Authority on or before the last day of February following the end of the most recent calendar year. The Authority shall have the right to examine and audit on reasonable advance written notice all non-confidential written and electronic records and
data concerning employment levels including, but not limited to, personnel records and summaries held by the Customer and its affiliates relating to employment in New York State.

**ARTICLE II. REDUCTIONS OF CONTRACT DEMAND**

A. **Employment Levels**

If the year-end monthly average number of employees is less than 90% of the Base Employment Level set forth in this Schedule B, for the subject calendar year, the Authority may reduce the Contract Demand subject to Article II.C of this Schedule. The maximum amount of reduction will be determined by multiplying the Contract Demand by the quantity one minus the quotient of the average monthly employment during the subject calendar year divided by the Base Employment Level. Any such reduction shall be rounded to the nearest fifty (50) kW. In the event of a reduction of the Contract Demand to zero, the Agreement shall automatically terminate.

B. **Power Utilization Levels**

A record shall be kept monthly by the Customer, and provided on a calendar year basis to the Authority on or before the last day of February following the end of the most recent calendar year, of the maximum demand utilized each month in the facilities receiving the power covered by the Agreement. If the average of the Customer’s six (6) highest Billing Demands (as such term is defined in the Service Tariff) for PP is less than 90% of the Customer’s Contract Demand in such calendar year the Authority may reduce the Contract Demand subject to Article II.C of this Schedule. The maximum amount by which the Authority may reduce the Contract Demand shall be determined by multiplying the Contract Demand by the quantity one minus the quotient of the average of the six (6) highest Billing Demands for in such calendar year divided by the Contract Demand. Any such reduction shall be rounded to the nearest fifty (50) kW. In the event of a reduction of the Contract Demand to zero, this Agreement shall automatically terminate.

C. **Notice of Intent to Reduce Contract Demand**

In the event that the Authority determines that the Contract Demand will be wholly or partially reduced pursuant to this Schedule, the Authority shall provide the Customer with at least thirty (30) days prior written notice of such reduction, specifying the amount of the reduction of Contract Demand and the reason for the reduction, provided, however, that before making the reduction, the Authority may consider the Customer’s scheduled or unscheduled maintenance or facilities upgrading periods when such events temporarily reduce plant employment levels or electrical demand as well as business cycle.
ARTICLE III. CAPITAL INVESTMENT

The Customer agrees to undertake the Capital Expansion Program set forth in the Appendix to this Schedule B.

ARTICLE IV. ENERGY EFFICIENCY AUDITS AND INFORMATION REQUESTS

The Customer shall undergo an Energy Efficiency Audit of its facilities and equipment at which the Allocation is consumed at the Customer’s expense at least once during the term of this Agreement but in any event not less than once every five years. The Customer will provide the Authority with a copy of the audit or, at the Authority’s option, a report describing the results of the audit, and provide documentation requested by the Authority to verify the implementation of any efficiency measures implemented at the facilities.

The Customer agrees to cooperate to make its facilities available at reasonable times and intervals for energy audits and related assessments that the Authority desires to perform, if any, at the Authority’s own expense.

The Customer shall provide information requested by the Authority or its designee in surveys, questionnaires and other information requests relating to energy efficiency and energy-related projects, programs and services.

The Customer may, after consultation with the Authority, exclude from written copies of audits, reports and other information provided to the Authority under this Article trade secrets and other information which if disclosed would harm the competitive position of the Customer.
APPENDIX TO SCHEDULE B

I. **Base Employment Level**

In accordance with Article I of Schedule B, the Customer agrees to a Base Employment Level at the Customer’s Facility as indicated below.

<table>
<thead>
<tr>
<th>Base Employment Level</th>
<th>Facility</th>
<th>Miscellaneous/Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not less than twenty two (22) persons in full-time positions at the Facility within three (3) years of the commencement of Electric Service of any portion of the Allocation to the Facility.</td>
<td>268 Bellew Avenue South, Watertown, NY 13601</td>
<td></td>
</tr>
</tbody>
</table>

II. **Capital Expansion Program**

The Customer shall make a total capital investment of at least $6,700,000 in connection with an expansion of the Facility (the “Capital Investment”). The Capital Investment is expected to consist of the following specific expenditures:

- **New Building Construction:** $3,000,000
- **Blow Molding Equipment:** $3,300,000
- **Miscellaneous Equipment:** $400,000

**Total Capital Investment:** $6,700,000

The Capital Investment shall be made, and the expansion of the Facility shall be completed and fully operational, not later than July 26, 2019 (i.e., within three (3) years of the date of the Authority’s award of the Allocation). Upon request of the Customer, such date may be extended in the sole discretion of the Authority.
SCHEDULE C
TAKE-DOWN SCHEDULE

N/A
POWER AUTHORITY OF THE STATE OF NEW YORK
30 SOUTH PEARL STREET
ALBANY, NY 12207

Schedule of Rates for Sale of Firm Power to
Preservation Power Customers

Service Tariff No. 10

Issued by James F. Pasquale, Senior Vice President
Power Authority of the State of New York
30 South Pearl Street, Albany, NY 12207
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<th>Leaf No.</th>
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<td>F. Payment by Customer to Authority</td>
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</tr>
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<td>4. Taxes Defined</td>
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<td>5. Substitute Energy</td>
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<td>6. Payment Information</td>
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<td>G. Adjustment of Charges</td>
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<td>11</td>
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</table>

**Date of Issue:** December 20, 2010  
**Date Effective:** July 1, 2010  

Issued by James F. Pasquale, Senior Vice President  
Power Authority of the State of New York  
30 South Pearl Street, Albany, NY 12207
Schedule of Rates for Firm Power Service

I. **Applicability**

To sales of Preservation Power (as defined below) directly to a qualified business Customer (as defined below) for firm power service.

II. **Abbreviations and Terms**

A. The following abbreviations are used:

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>kW</td>
<td>kilowatt(s)</td>
</tr>
<tr>
<td>kW-mo.</td>
<td>kilowatt-month</td>
</tr>
<tr>
<td>kWh</td>
<td>kilowatt-hour(s)</td>
</tr>
<tr>
<td>MWh</td>
<td>megawatt-hour(s)</td>
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<tr>
<td>NYISO</td>
<td>New York Independent System Operator, Inc. or any successor organization</td>
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<tr>
<td>PAL</td>
<td>New York Public Authorities Law</td>
</tr>
<tr>
<td>OATT</td>
<td>Open Access Transmission Tariff</td>
</tr>
</tbody>
</table>

B. The term “Agreement” means an executed Agreement for the Sale of Preservation Power and Energy between the Authority and the Customer (each as defined below).

C. The term “Annual Adjustment Factor” or “AAF” shall have the meaning set forth in Section V herein.

D. The term “Authority” means the Power Authority of the State of New York, a corporate municipal instrumentality and a political subdivision of the State of New York created pursuant to Chapter 772 of the New York Laws of 1931 and existing and operating under Title 1 of Article 5 of the PAL, also known as the “New York Power Authority.”

E. The term “Customer” means a business customer who has received an allocation for Preservation Power from the Authority and who purchases Preservation Power directly from the Authority.

F. The term “Electric Service” means the power and energy provided to the Customer in accordance with the Agreement, this Service Tariff and the Rules.
G. The term “Preservation Power” means Firm Power and Firm Energy made available under this Service Tariff by the Authority from the Project for sale to the Customer for business purposes pursuant to PAL § 1005(5) and (13).

H. The term “Firm Power” means capacity (kW) that is intended to be always available from the Project subject to the curtailment provisions set forth in the Agreement between the Authority and the Customer and this Service Tariff. Firm Power shall not include peaking power.

I. The term “Firm Energy” means energy (kWh) associated with Firm Power.

J. The term “Load Serving Entity” or “LSE” shall have the meaning set forth in the Agreement.

K. The term “Project” means the Authority’s St. Lawrence-FDR Power Project, FERC Project No. 2000.

L. The term “Rate Year” or “RY” means the period from July 1 through June 30 of the following year.

M. The term “Rules” means the applicable provisions of Authority’s rules and regulations (Chapter X of Title 21 of the Official Compilation of Codes, Rules and Regulations of the State of New York), as may be modified from time to time by the Authority.

N. The term “Service Tariff” means this Service Tariff No. 10.

All other capitalized terms and abbreviations used but not defined herein shall have the same meaning as set forth in the Agreement.
III. Monthly Rates and Charges

A. Preservation Power Base Rates

The monthly base rates for demand and energy charges paid by Customer to Authority shall be:

<table>
<thead>
<tr>
<th>Rate Year</th>
<th>Demand Charge $/kW-mo.</th>
<th>Energy Charge $/MWh</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>6.15</td>
<td>10.52</td>
</tr>
<tr>
<td>2011</td>
<td>6.71</td>
<td>11.48</td>
</tr>
<tr>
<td>2012</td>
<td>7.32</td>
<td>12.52</td>
</tr>
<tr>
<td>2013</td>
<td>7.99</td>
<td>13.66</td>
</tr>
</tbody>
</table>

Beginning with the 2014 Rate Year (July 1, 2014), and for each Rate Year thereafter, such rates shall be subject to an Annual Adjustment Factor set forth in Section V herein.

B. Preservation Power Rates No Lower Than Rural/Domestic Rate

At all times the applicable base rates for demand and energy determined in accordance with Sections III.A and V of this Service Tariff shall be no lower than the rates charged by the Authority for the sale of hydroelectricity for the benefit of rural and domestic customers receiving service in accordance with the Niagara Redevelopment Act, 16 U.S.C. § 836(b)(1) and PAL § 1005(5) (the "Rural/Domestic Rate"). This provision shall be implemented as follows: if the base rates, as determined in accordance with Sections III.A and V of this Service Tariff, are lower than the Rural/Domestic Rate on an average $/MWh basis, each set of rates measured at 80% load factor which is generally regarded as representative for Preservation Power Customers, then the base rates determined under Sections III.A and V of this Service Tariff will be revised to make them equal to the Rural/Domestic Rate on an average $/MWh basis. However, the base rates as so revised will have no effect until such time as these base rates are lower than the Rural/Domestic Rate.

C. Monthly Base Rates Exclude Delivery Service Charges

The monthly base rates set forth in this Section III exclude any applicable costs for delivery services provided by the local electric utility.
D. **Minimum Monthly Charge**

The minimum monthly charge shall equal the product of the demand charge and the contract demand (as defined herein). Such minimum monthly charge shall be in addition to any NYISO Charges or Taxes (each as defined herein) incurred by the Authority with respect to the Customer’s Allocation.

E. **Billing Period**

Any period of approximately thirty (30) days, generally ending with the last day of each calendar month but subject to the billing cycle requirements of the local electric utility in whose service territory the Customer’s facilities are located.

F. **Billing Demand**

The billing demand shall be determined by applying the applicable billing methodology to total meter readings during the billing period. See Section IV.E, below.

G. **Billing Energy**

The billing energy shall be determined by applying the applicable billing methodology to total meter readings during the billing period. See Section IV.E, below.

H. **Contract Demand**

The contract demand of each Customer will be the amount of Preservation Power, not to exceed the Customer’s Allocation, provided to such Customer by the Authority in accordance with the Agreement. The minimum Contract Demand for any Preservation Power Allocation is 100 kW.
IV. General Provisions

A. Character of Service

Alternating current; sixty cycles, three-phase.

B. Availability of Energy

1. Subject to Section IV.B.2, the Authority shall provide to the Customer in any billing period Firm Energy associated with Firm Power. The offer of Firm Energy for delivery shall fulfill the Authority’s obligations for purposes of this provision whether or not the Firm Energy is taken by the Customer.

2. If, as a result of reduced water flows caused by hydrologic conditions, there is insufficient energy from the Hydro Projects to supply the full power and energy requirements of NYPA’s Firm Power customers served from the Hydro Projects, hydropower curtailments (i.e. reductions) in the amount of Firm Power and Firm Energy to which the Customer is entitled shall be applied on a pro rata basis to all Firm Power and Firm Energy customers served from the Hydro Projects. Reductions as a percentage of the otherwise required Firm Power and Firm Energy sales will be the same for all Firm Power and Firm Energy customers served from the Hydro Projects. The Authority shall be under no obligation to deliver and will not deliver any such curtailed energy to the Customer in later billing periods. The Customer will receive appropriate bill credits as provided under the Rules.

C. Delivery

For the purpose of this Service Tariff, Firm Power and Firm Energy shall be deemed to be offered when the Authority is able to supply Firm Power and Firm Energy to the Authority’s designated NYISO load bus. If, despite such offer, there is a failure of delivery caused by the Customer, NYISO or local electric utility, such failure shall not be subject to a billing adjustment pursuant to Section 454.6(d) of the Rules.

D. Adjustment of Rates

To the extent not inconsistent with the Agreement, the rates contained in this Service Tariff may be revised from time to time on not less than thirty (30) days written notice to the Customer.
E. Billing Methodology and Billing

Unless otherwise specified in the Agreement, the following provisions shall apply:

1. The billing methodology to be used to render bills to the Customer related to its Allocation shall be determined in accordance with the Agreement and delivery agreement between the Authority and, as applicable, the Customer or local electric utility or both.

2. Billing Demand – Unless separately metered, the billing demand charged by the Authority to each Customer will be the highest 15-minute integrated demand during each billing period recorded on the Customer’s meter multiplied by a percentage based on load factor sharing, as applicable.

3. Billing Energy – Unless separately metered, the kilowatt-hours charged by the Authority to each Customer will be the total number of kilowatt-hours recorded on the Customer’s meter for the billing period multiplied by a percentage based on load factor sharing, as applicable.

F. Payment by Customer to Authority

1. Demand and Energy Charges, Taxes

The Customer shall pay the Authority for Firm Power and Firm Energy during any billing period the higher of either (i) the sum of (a), (b) and (c) below or (ii) the monthly minimum charge as defined herein:

a. The demand charge per kilowatt for Firm Power specified in this Service Tariff or any modification thereof applied to the Customer’s billing demand (as defined in Section IV.E, above) for the billing period; and

b. The energy charge per MWh for Firm Energy specified in this Service Tariff or any modification thereof applied to the Customer’s billing energy (as defined in Section IV.E, above) for the billing period; and

c. A charge representing reimbursement to the Authority for all applicable Taxes incurred by the Authority as a result of providing Preservation Power allocated to the Customer.
2. **Transmission Charge**

The Customer shall compensate the Authority for all transmission costs incurred by the Authority with respect to the Allocation, including such costs that are charged pursuant to the OATT.

3. **NYISO Transmission and Related Charges ("NYISO Charges")**

The Customer shall compensate the Authority for the following NYISO Charges assessed on the Authority for services provided by the NYISO pursuant to its OATT or other tariffs (as the provisions of those tariffs may be amended and in effect from time to time) associated with providing Electric Service to the Customer:

A. Ancillary Services 1 through 6 and any new ancillary services as may be defined and included in the OATT from time to time;

B. Marginal losses;

C. The New York Power Authority Transmission Adjustment Charge ("NTAC");

D. Congestion costs, less any associated grandfathered Transmission Congestion Contracts ("TCCs") as provided in Attachment K of the OATT;

E. Any and all other charges, assessments, or other amounts associated with deliveries to Customers or otherwise associated with the Authority’s responsibilities as a Load Serving Entity for the Customers that are assessed on the Authority by the NYISO under the provisions of its OATT or under other applicable tariffs; and

F. Any charges assessed on the Authority with respect to the provision of Electric Service to Customers for facilities needed to maintain reliability and incurred in connection with the NYISO’s Comprehensive System Planning Process (or similar reliability-related obligations incurred by the Authority with respect to Electric Service to the Customer), applicable tariffs, or required to be paid by the Authority in accordance with law, regardless of whether such charges are assessed by the NYISO or another third party.

The NYISO Charges, if any, incurred by the Authority on behalf of the Customer, are in addition to the Authority production charges that are charged to the Customer in accordance with other provisions of this Service Tariff.
4. **Taxes Defined**

Taxes shall be any adjustment as the Authority deems necessary to recover from the Customer any taxes, assessments or any other charges mandated by federal, state or local agencies or authorities that are levied on the Authority or that the Authority is required to collect from the Customer if and to the extent such taxes, assessments or charges are not recovered by the Authority pursuant to another provision of this Service Tariff.

5. **Substitute Energy**

The Customer shall pay for Substitute Energy, if applicable, as specified in the Agreement.

6. **Payment Information**

Bills computed under this Service Tariff are due and payable by electronic wire transfer in accordance with the Rules. Such wire transfer shall be made to J P Morgan Chase NY, NY / ABA021000021 / NYP A/C # 008-030383, unless otherwise indicated in writing by the Authority. In the event that there is a dispute on any items of a bill rendered by the Authority, the Customer shall pay such bill in full. If necessary, any adjustments will be made thereafter.

G. **Adjustment of Charges**

1. **Distribution Losses**

   The Authority will make appropriate adjustments to compensate for distribution losses of the local electric utility.

2. **Transformer Losses**

   If delivery is made at transmission voltage but metered on the low-voltage side of the Customer’s substation, the meter readings will be increased two percent to compensate for transformer losses.

3. **Power Factor**

   Power factor is the ratio of real power (kW) to apparent power (kVa) for any given load and time. The Authority may require the Customer to maintain a power factor of not less than 90%, lagging or leading, at the point of delivery, or as may otherwise be imposed upon the Authority by the local electric utility providing delivery and/or NYISO.
H. **Conflicts**

In the event of any inconsistencies, conflicts or differences between the provisions of this Service Tariff and the Rules, the provisions of this Service Tariff shall govern. In the event of any inconsistencies, conflicts or differences between the provisions of the Agreement and this Service Tariff, the provisions of the Agreement shall govern.

I. **Customer Resales Prohibited**

The Customer may not resell any quantity of Preservation Power.
V. **Annual Adjustment Factor**

A. **Adjustment of Rates**

1. The AAF will be based upon a weighted average of three indices described below. For each new Rate Year, the index value for the latest available calendar year (“Index Value for the Measuring Year”) will be compared to the index value for the calendar year immediately preceding the latest available calendar year (the Index Value for the Measuring Year -1”). The change for each index will then be multiplied by the indicated weights. As described in detail below, these products are then summed, producing the AAF. The AAF will be multiplied by the base rate for the current Rate Year to produce the base rates for the new Rate Year.”

   **Index 1, “BLS Industrial Power Price” (35% weight):** The average of the monthly Producer Price Index for Industrial Electric Power, commodity code number 0543, not seasonally adjusted, as reported by the U.S. Department of Labor, Bureau of Labor Statistics (“BLS”) electronically on its internet site and consistent with its printed publication, “Producer Price Index Detailed Report”. For Index 1, the Index Value for the Measuring Year will be the index for the calendar year immediately preceding July 1 of the new Rate Year.

   **Index 2, “EIA Average Industrial Power Price” (40% weight):** The average weighted annual price (as measured in cents/kWh) for electric sales to the industrial sector in the ten states of CT, MA, ME, NH, NJ, NY, OH, PA, RI and VT (“Selected States”) as reported by Coal and Electric Data and Renewables Division; Office of Coal, Nuclear, Electric and Alternate Fuels; Energy Information Administration (“EIA”); U.S. Department of Energy Form EIA-861 Final Data File. For Index 2, the Index Value for the Measuring Year will be the index for the calendar year two years preceding July 1 of the new Rate Year.

   **Index 3, “BLS Industrial Commodities Price Less Fuel” (25% weight):** The monthly average of the Producer Price Index for Industrial Commodities less fuel, commodity code number 03T15M05, not seasonally adjusted, as reported by the U.S. Department of Labor, BLS electronically on its internet site and consistent with its printed publication, “Producer Price Index Detailed Report”. For Index 3, the Index Value for the Measuring Year will be the index for the calendar year immediately preceding July 1 of the new Rate Year.
2. Annual Adjustment Factor Computation Guide

   Step 1: For each of the three Indices, divide the Index Value for Measuring Year by the Index Value for the Measuring Year-1.

   Step 2: Multiply the ratios determined in Step 1 by percentage weights for each Index. Sum the results to determine the weighted average. This is the AAF.

   Step 3: Multiply the current Rate Year base rate by the AAF calculated in Step 2 to determine the new Rate Year base rate.

   The foregoing calculation shall be performed by the Authority consistent with the sample presented in Section V.B below.

3. The Authority shall provide the Customer with notice of any adjustment to the current base rate per the above and with all data and calculations necessary to compute such adjustment by June 15th of each year to be effective on July 1 of such year, commencing in 2014. The values of the latest officially published (electronically or otherwise) versions of the indices and data provided by the BLS and EIA as of June 1 shall be used notwithstanding any subsequent revisions to the indices.

4. If during the term of the Agreement any of the three above indices ceases to be available or ceases to be reflective of the relevant factors or of changes which the indices were intended by the Parties to reflect, the Customer and the Authority shall mutually select a substitute Index. The Parties agree to mutually select substitute indices within 90 days, once notified by the other party that the indices are no longer available or no longer reflect the relevant factors or changes with the indices were intended by the Parties to reflect. Should the 90-day period cover a planned July 1 rate change, the current base rates will remain in effect until substitute indices are selected and the adjusted rates based on the substitute indices will be retroactive to the previous July 1. If unable to reach agreement on substitute indices within the 90-day period, the Parties agree to substitute the mathematic average of the PPI—Intermediate Materials, Supplies and Components (BLS Series ID WPUSOP2000) and the PPI—Finished Goods (BLS Series ID WPUSOP3000) indices for one or more indices that have ceased to be available and shall assume the percentage weighting(s) of the one or more discontinued indices as indicated in Section V.A.1.
B. Sample Computation of the AAF (hypothetical values for July 1, 2014 implementation):

**STEP 1**

Determine the Index Value for the Measuring Year (MY) and Measuring Year - 1 (MY-1) for Each Index

- Index 1 - Producer Price Index, Industrial Power

<table>
<thead>
<tr>
<th>Measuring Year</th>
<th>Measuring Year - 1</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>(2013)</strong></td>
<td><strong>(2012)</strong></td>
</tr>
<tr>
<td>January</td>
<td>171.2</td>
</tr>
<tr>
<td>February</td>
<td>172.8</td>
</tr>
<tr>
<td>March</td>
<td>171.6</td>
</tr>
<tr>
<td>April</td>
<td>173.8</td>
</tr>
<tr>
<td>May</td>
<td>175.1</td>
</tr>
<tr>
<td>June</td>
<td>185.7</td>
</tr>
<tr>
<td>July</td>
<td>186.4</td>
</tr>
<tr>
<td>August</td>
<td>184.7</td>
</tr>
<tr>
<td>September</td>
<td>185.5</td>
</tr>
<tr>
<td>October</td>
<td>175.5</td>
</tr>
<tr>
<td>November</td>
<td>172.2</td>
</tr>
<tr>
<td>December</td>
<td>171.8</td>
</tr>
</tbody>
</table>

Average 177.2 172.8

Ratio of MY/MY-1 1.03
- **Index 2 – EIA Industrial Rate**

<table>
<thead>
<tr>
<th>State</th>
<th>Revenues ($000s)</th>
<th>Sales (MWh)</th>
<th>Avg. Rate (cents/kWh)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Measuring Year (2012)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CT</td>
<td>590,972</td>
<td>6,814,757</td>
<td></td>
</tr>
<tr>
<td>MA</td>
<td>1,109,723</td>
<td>13,053,806</td>
<td></td>
</tr>
<tr>
<td>ME</td>
<td>328,594</td>
<td>4,896,176</td>
<td></td>
</tr>
<tr>
<td>NH</td>
<td>304,363</td>
<td>2,874,495</td>
<td></td>
</tr>
<tr>
<td>NJ</td>
<td>1,412,665</td>
<td>15,687,873</td>
<td></td>
</tr>
<tr>
<td>NY</td>
<td>2,001,588</td>
<td>26,379,314</td>
<td></td>
</tr>
<tr>
<td>OH</td>
<td>3,695,978</td>
<td>78,496,166</td>
<td></td>
</tr>
<tr>
<td>PA</td>
<td>3,682,192</td>
<td>63,413,968</td>
<td></td>
</tr>
<tr>
<td>RI</td>
<td>152,533</td>
<td>1,652,593</td>
<td></td>
</tr>
<tr>
<td>VT</td>
<td>155,903</td>
<td>2,173,679</td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>13,434,511</td>
<td>215,442,827</td>
<td><strong>6.24</strong></td>
</tr>
</tbody>
</table>

| **Measuring Year -1 (2011)** | | | |
| CT    | 579,153          | 6,678,462   |                       |
| MA    | 1,076,431        | 12,662,192  |                       |
| ME    | 310,521          | 4,626,886   |                       |
| NH    | 298,276          | 2,817,005   |                       |
| NJ    | 1,370,285        | 15,217,237  |                       |
| NY    | 1,891,501        | 24,928,452  |                       |
| OH    | 3,622,058        | 76,926,243  |                       |
| PA    | 3,571,726        | 61,511,549  |                       |
| RI    | 144,144          | 1,561,700   |                       |
| VT    | 152,785          | 2,130,205   |                       |
| TOTAL | 13,016,880       | 209,059,931 | **6.23**              |

Ratio of MY/MY-1: **1.00**

Date of Issue: December 20, 2010
Date Effective: July 1, 2010

Issued by James F. Pasquale, Senior Vice President
Power Authority of the State of New York
30 South Pearl Street, Albany, NY 12207
### Index 3 – Producer Price Index, Industrial Commodities Less Fuel

<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>190.1</td>
</tr>
<tr>
<td>February</td>
<td>190.9</td>
</tr>
<tr>
<td>March</td>
<td>191.6</td>
</tr>
<tr>
<td>April</td>
<td>192.8</td>
</tr>
<tr>
<td>May</td>
<td>194.7</td>
</tr>
<tr>
<td>June</td>
<td>195.2</td>
</tr>
<tr>
<td>July</td>
<td>195.5</td>
</tr>
<tr>
<td>August</td>
<td>196.0</td>
</tr>
<tr>
<td>September</td>
<td>196.1</td>
</tr>
<tr>
<td>October</td>
<td>196.2</td>
</tr>
<tr>
<td>November</td>
<td>196.6</td>
</tr>
<tr>
<td>December</td>
<td>196.7</td>
</tr>
</tbody>
</table>

**Average**  194.4  191.5

**Ratio of MY/MY-1**  1.02

### STEP 2

Determine AAF by Summing the Weighted Indices

<table>
<thead>
<tr>
<th>Index</th>
<th>Ratio of MY to MY-1</th>
<th>Weight</th>
<th>Weighted Factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>PPI Industrial Power</td>
<td>1.03</td>
<td>0.35</td>
<td>0.361</td>
</tr>
<tr>
<td>EIA Industrial Rate</td>
<td>1.00</td>
<td>0.40</td>
<td>0.400</td>
</tr>
<tr>
<td>PPI Industrial Commodities less fuel</td>
<td>1.02</td>
<td>0.25</td>
<td>0.255</td>
</tr>
<tr>
<td>AAF</td>
<td></td>
<td></td>
<td><strong>1.016</strong></td>
</tr>
</tbody>
</table>
**STEP 3**

Apply AAF to Calculate the New Rate Year Base Rate

<table>
<thead>
<tr>
<th></th>
<th>Demand/$/kW-mo.</th>
<th>Energy/$/MWh</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Rate Year Base Rate</td>
<td>7.99</td>
<td>13.66</td>
</tr>
<tr>
<td>New Rate Year Base Rate</td>
<td>8.12</td>
<td>13.88</td>
</tr>
</tbody>
</table>
EXHIBIT 7d iv-A

Non-Compliance with Job Commitments – Recommended Reductions in Contract Demands and Hydropower Allocations with Adjustments to Job Commitments

1. Air Products Inc. - Medina (Medina, Orleans County)
Allocation: 600 kW of RP (effective 12/1/2015)
Contract Demand: 600 kW of RP (effective 12/2015)
Power Utilization: 94%
Capital Spending: $44,390 or 135%
Job Commitment: 12 jobs (effective 12/1/2015)
Jobs Reported: 6 jobs, or 50%

Background: Air Products, Inc., formerly EPCO Carbon dioxide Products, Inc. manufactures purified liquid carbon dioxide. It sells its product to both wholesalers and end users of carbon dioxide. Due to corporate reorganization and continued soft market for its CO₂ business needs, Air Products reduced employment levels at its Medina facility.

Recommendation: Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 350 kW, and authorize an adjustment of the job commitment to not less than 7 jobs.

2. API Heat Transfer, Inc. (Buffalo, Erie County)
Allocation: 300 kW of RP
Contract Demand: 300 kW of RP
Power Utilization: 94%
Capital Spending: $1,908,613 or 497%
Job Commitment: 340 jobs
Jobs Reported: 264 jobs, or 78%

Background: API Heat Transfer, Inc. is a global leader in the design and manufacturing of a wide range of specialty heat exchangers and heat transfer solutions. The oil and gas market slowdown impacted API’s sales in 2015. This led to further reductions in other markets servicing oil and gas. API Heat is anticipating slow market recovery through 2017.

Recommendation: Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 250 kW, and authorize an adjustment to the job commitment to not less than 299 jobs.

3. Ashland Advanced Materials LLC (Niagara Falls, Niagara County)
Allocation: 2,150 kW of EP (effective 12/1/2015) - 1,350 kW Takedown
Contract Demand: 2,150 kW of EP (effective 12/1/2015)
Power Utilization: 100%
Capital Spending: $523,533 or 349%
Job Commitment: 46 jobs (effective 12/1/2015)
Jobs Reported: 26 jobs, or 57%
**Background:** Ashland Advanced Materials (“Ashland”) is a supplier of manufactured graphite products and ultra-high temperature heat treating services, providing products and services to renewable and green energy technology industries. This is the third year Ashland failed to meet its contractual job commitment. The company historically has been highly dependent on the solar and sapphire markets. Job shortfalls were primarily due to economic conditions resulting in a downturn in its market share. Ashland has since closed down its Ohio facility and began consolidating operations to its Niagara Falls facility in late 2015 and reported an increase to 34 jobs, or 74% of compliance level reported for December 2015. As of April 2016, it reported 39 jobs, or 85% of compliance threshold. Ashland is confident that it will exceed its employment commitment moving forward and is trending upward.

**Recommendation:** Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 2,050 kW, and authorize an adjustment of the job commitment to not less than 44 jobs.

### 4. Cliffstar, LLC (Dunkirk, Chautauqua County)

- **Allocation:** 500 kW of EP
- **Contract Demand:** 500 kW of EP
- **Power Utilization:** 94%
- **Capital Spending Commitment:** $3,222,333
- **Capital Spending:** $1,891,925 or 59%
- **Job Commitment:** 630 jobs
- **Jobs Reported:** 453 jobs, or 72%

**Background:** Cliffstar, LLC is a private-label beverage manufacturer that was purchased by Cott Incorporated in 2010. Since then the former Cliffstar corporate office was consolidated to the Cott corporate headquarters in Tampa, Florida, negatively affecting the Dunkirk campus headcount. An instrumental part of Cott's strategic plan is to add volume growth thru co-pack manufacturing. The Dunkirk plant has already secured two contracts that have essentially protected 50 to 60 positions that would otherwise have been lost; however, current employment continues to decline. Cliffstar does not predict an increase in headcount and would like their job commitment to be re-evaluated.

**Recommendation:** Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 400 kW, and authorize an adjustment to the job commitment to not less than 517 jobs and capital investment commitment to not less than $2,642,313.*

*This customer has also failed to meet its commitments for capital investment. See Exhibit C below. The recommendation accounts for all commitment shortcomings discussed in the Exhibits.

### 5. RHI Monofrax, LTD (Falconer, Chautauqua County)

- **Allocation:** 1,650 kW of EP *(effective 12/1/2015)*
- **Contract Demand:** 1,650 kW of EP *(effective 12/1/2015)*
- **Power Utilization:** 100%
- **Capital Spending:** $1,504,988 or 217%
- **Job Commitment:** 197 jobs *(effective 12/1/2015)*
- **Jobs Reported:** 161 jobs, or 82%
Background: RHI Monofrax, LTD manufactures ceramic castings. Due to economic conditions, the company has had disappointing sales figures. It has since resolved several issues relating to the quality of its raw materials and believes this will lead to increased production. It was optimistic such increased production would lead to increased employment. However, due to recent developments, the plant is now for sale by the parent company and job growth/spending will not occur. The plant is expected to be sold in June.

Recommendation: Staff recommends that the Trustees authorize a reduction in the allocation and the contract demand to not less than 1,500 kW, and authorize an adjustment of the job commitment to not less than 181 jobs.

6. Saint Gobain Structural Ceramics (Niagara Falls, Niagara County) (also Exhibit B)

Allocation: 6,050 kW of RP (effective 12/1/2015)
Contract Demand: 6,050 kW of RP (effective 12/1/2015)
Power Utilization: 73%
Capital Spending: $1,247,919 or 93%
Job Commitment: 184 jobs (effective 12/1/2015)
Jobs Reported: 129 jobs, or 70%

Background: Saint Gobain Structural Ceramics produces boron nitride powder and solids. Saint Gobain indicates that the weak economy has impacted business and hampered its ability to increase employment. It expected, through marketing projections, an upswing during the April/May 2016 time frame; however, kW utilization continues to decline. Saint Gobain has historically failed to meet employment and power utilization commitments. Its kW utilization continues to decline during 2016.

Recommendation: Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 4,850 kW, and authorize an adjustment of the job commitment to not less than 147 jobs. *

*This customer has also failed to meet its commitments for power usage. See Exhibit B below. The recommendation accounts for all commitment shortcomings discussed in the Exhibits.

7. Special Metals Corporation (Dunkirk, Chautauqua County)

Allocation: 1,000 kW of EP
Contract Demand: 1,000 kW of EP
Power Utilization: 98%
Capital Spending: $7,707,667 or 3,541%
Job Commitment: 81 jobs
Jobs Reported: 68 jobs, or 84%

Background: Special Metals Corporation is a supplier of refractory alloys. Its sales forecast for 2015 assumed an increase from 2014 levels which did not materialize. Sales instead decreased and as a result, the company was unable to meet its employment commitment.

Recommendation: Staff recommends that the Trustees authorize a reduction in the allocation and the contract demand to not less than 950 kW, and authorize an adjustment of the job commitment to not less than 76 jobs.
8. TAM Ceramics Group of NY, LLC (Niagara Falls, Niagara County)

Allocation: 6,800 kW of RP (effective 12/1/2015) and 500 kW of EP
Contract Demand: 6,800 kW of RP (effective 12/1/2015) and 500 kW of EP
Power Utilization: 66% (down)
Capital Spending: $1,199,304 or 496%
Job Commitment: 97 jobs
Jobs Reported: 83 jobs, or 86%

Background: TAM Ceramics Group of NY LLC develops and produces titanium products and zirconium ceramic powders. TAM has not met its contractual commitments in several years. It estimates it is 12-18 months away from meeting its contractual commitments.

Recommendation: Staff recommends that the Trustees authorize a reduction in the 6,800 kW RP allocation and the corresponding contract demand, to not less than 6,550 kW with no reductions to its EP allocation and authorize an adjustment to the cumulative job commitment to not less than 93 jobs.*

*This customer has also failed to meet its commitments for power usage. See Exhibit B below. The recommendation accounts for all commitment shortcomings discussed in the Exhibits.

9. Treibacher Schleifmittel North America, Inc. (Niagara Falls, Niagara County)

Allocation: 550 kW of RP (effective 12/1/2015)
Contract Demand: 550 kW of RP (effective 12/1/2015)
Power Utilization: 90%
Capital Spending: $214,000 or 101%
Job Commitment: 47 jobs (effective 12/1/2015)
Jobs Reported: 30 jobs, or 64%

Background: Treibacher Schleifmittel North America, Inc. produces abrasive grains. The company has experienced a slow market environment in its Niagara Falls operation. Treibacher Schleifmittel is continually working on additional projects which usually results in increased capital spending and additional jobs. However, it cannot currently provide a firm timeframe on when additional jobs would be added to its workforce.

Recommendation: Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 400 kW, and authorize an adjustment of the job commitment to not less than 35 jobs.
**EXHIBIT 7d iv-B**

Non-Compliance with Power Utilization Commitments – Recommended Reductions in Contract Demands and Hydropower Allocations with Adjustments to Job Commitments

### 1. CertainTeed Corporation (Buffalo, Erie County)

<table>
<thead>
<tr>
<th>Allocation:</th>
<th>3,000 kW of EP (effective 12/1/2015)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract Demand:</td>
<td>3,000 kW of EP (effective 12/1/2015)</td>
</tr>
<tr>
<td><strong>Power Utilization:</strong></td>
<td>70%</td>
</tr>
<tr>
<td>Capital Spending:</td>
<td>$552,253 or 338%</td>
</tr>
<tr>
<td>Jobs Commitment:</td>
<td>108 jobs (effective 12/1/2015)</td>
</tr>
<tr>
<td>Jobs Reported:</td>
<td>125 jobs, or 116%</td>
</tr>
</tbody>
</table>

**Background:** CertainTeed Corporation (“CertainTeed”), a wholly-owned subsidiary of the Saint-Gobain company, is a vinyl fence, deck and railing manufacturer. During the past 5 years, it has underutilized its allocation. The company described several reasons for non-compliance in power utilization including temporary production cut backs due to a shortage in a particular raw material which is a staple in its main component, resin. CertainTeed built up inventory during winter months which reduced its demand during summer, its busy season, with fewer production lines needed during the summer months. CertainTeed stated this lower demand utilization will be a normal course of business throughout 2016 and production will remain fairly constant.

**Recommendation:** Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to 2,400 kW, and authorize an adjustment of the job commitment to not less than 86 jobs.

### 2. Dunkirk Specialty Steel LLC (Niagara Falls, Niagara County)

<table>
<thead>
<tr>
<th>Allocation:</th>
<th>5,800 kW of EP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract Demand:</td>
<td>5,800 kW of EP</td>
</tr>
<tr>
<td><strong>Power Utilization:</strong></td>
<td>84%</td>
</tr>
<tr>
<td>Capital Spending:</td>
<td>$3,557,211 or 356%</td>
</tr>
<tr>
<td>Job Commitment:</td>
<td>180 jobs</td>
</tr>
<tr>
<td>Jobs Reported:</td>
<td>244 jobs, or 136%</td>
</tr>
</tbody>
</table>

**Background:** Dunkirk Special Steel produces stainless and specialty steel products. This is the third year Dunkirk did not meet its kW utilization. Dunkirk Specialty states it is coming out of a depressed period for the steel industry. Dunkirk is hoping its kW utilization will increase over the coming months. Staff will monitor its kW utilization over the course of the next reporting period to better gage its long-term kW usage.

**Recommendation:** Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to 5,450 kW, and authorize an adjustment to the job commitment to not less than 169 jobs.
3. General Motors LLC (Buffalo, Erie County)
Allocation: 20,700 kW of EP and 2,725 of RP
Contract Demand: 20,700 kW of EP and 2,725 of RP
Power Utilization: 85%
Capital Spending: $38,304,333 or 271%
Jobs Commitment: 710 jobs
Jobs Reported: 1,979 jobs, or 279%

Background: General Motors LLC (GM) manufactures components for automotive heating and cooling systems. GM continues to enhance operations to reduce its overall energy and demand. GM has a corporate target to reduce energy intensity by 20% from 2010 to 2020 and all sites including the Tonawanda Plant support this target with reductions each year. Additionally, the cooler than normal summer in 2015 resulted in less electrical load to support HVAC systems during the summer which is when the plant normally averages its highest 6 months of demand.

Recommendation: Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to 19,650 kW for the EP allocation, and authorize a reduction in the allocation and contract demand to 2,600 kW for the RP allocation, and authorize an adjustment of the cumulative job commitment to not less than 675 jobs.

4. GM Components Holdings LLC (Lockport, Niagara County)
Allocation: 24,300 kW of EP
Contract Demand: 24,300 kW of EP
Power Utilization: 72%
Capital Spending: $10,323,728 or 200%
Jobs Commitment: 950 jobs
Jobs Reported: 1,559 jobs, or 164%

Background: GM Components Holdings (GM) manufactures automotive compressors. GM’s original allocation was based on power utilized by a former facility/building (“Building 6”). Through transition from Delphi to GM Components Holdings LLC, Building 6 was retained by Delphi. In time, Building 6 received its own separate utility feeds. As a result, Building 6 is no longer a part of the total electric load from its site, and Building 6 has been sold. GM continues to undertake projects to enhance its overall energy usage.

Recommendation: Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to 19,950 kW, and authorize an adjustment of the job commitment to not less than 779 jobs.

5. Praxair, Inc. Niagara Falls (Niagara Falls, Niagara County)
Allocation: 2,000 kW of EP and 46,050 RP
Contract Demand: 2,000 kW of EP and 46,050 RP
Power Utilization: 87%
Capital Spending: $6,868,020 or 1047%
Job Commitment: 83 jobs
Jobs Reported: 102 jobs or 123%
**Background:** Praxair Niagara Falls produces industrial gases. The Niagara Falls location experienced operational issues throughout the 2015 year. It expects to return to 90% kW utilization by the end of 2016. Staff will monitor its kW utilization over the course of the next reporting period to better gage Praxair's long-term kW usage.

**Recommendation:** Staff recommends that the Trustees authorize a reduction in the RP allocation and contract demand to not less than 44,650 kW, and reduction in the EP allocation and contract demand to not less than 1,950 kW, and authorize an adjustment of the job commitment to not less than 81 jobs.

**6. Praxair, Inc. Tonawanda (Tonawanda, Erie County)**

Allocation: 2,000 kW of EP and 2,750 RP
Contract Demand: 2,000 kW of EP and 2,750 RP
**Power Utilization:** 88%
Capital Spending: $3,598,163 or 230%
Job Commitment: 1,300 jobs
Jobs Reported: 1,325 jobs or 102%

**Background:** Praxair produces industrial gases. Due to economic conditions, it had slightly reduced its consumption at this Tonawanda location. It expects to be compliant with a revised power utilization level during calendar year 2016. Staff will monitor its kW utilization over the course of the next reporting period to better understand its potential long-term kW usage.

**Recommendation:** Staff recommends that the Trustees authorize a reduction in the RP allocation and contract demand to not less than 2,700 kW, and reduction in the EP allocation and contract demand to not less than 1,950 kW, and authorize an adjustment of the job commitment to not less than 1,274 jobs.

**7. Saint Gobain Structural Ceramics (Niagara Falls, Niagara County) (also Exhibit A)**

Allocation: 6,050 kW of RP (effective 12/1/2015)
Contract Demand: 6,050 kW of RP (effective 12/1/2015)
**Power Utilization:** 73%
Capital Spending: $1,247,919 or 93%
Job Commitment: 184 jobs (effective 12/1/2015)
Jobs Reported: 129 jobs, or 70%

**Background:** See discussion under Exhibit A.

**Recommendation:** Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 4,850 kW, and authorize an adjustment of the job commitment to not less than 147 jobs.*

*This customer also failed to meet its commitment for jobs. See Exhibit A above. The recommendation stated accounts for all commitment shortcomings discussed in the Exhibits.
8. TAM Ceramics Group of NY, LLC (Niagara Falls, Niagara County) (also Exhibit A)

Allocation: 6,800 kW of RP (effective 12/1/2015) and 500 kW of EP
Contract Demand: 6,800 kW of RP (effective 12/1/2015) and 500 kW of EP

**Power Utilization:** 66%
Capital Spending: $1,199,304 or 496%
Job Commitment: 97 jobs
Jobs Reported: 83 jobs, or 86%

**Background:** See discussion under Exhibit A.

**Recommendation:** Staff recommends that the Trustees authorize a reduction in the 6,800 kW RP allocation and the corresponding contract demand to not less than 6,550 kW with no reductions to its EP allocation, and authorize an adjustment to the cumulative job commitment to not less than 93 jobs.*

*This customer also failed to meet its commitment for jobs. See Exhibit A above. The recommendation stated accounts for all commitment shortcomings discussed in the Exhibits.

9. Washington Mills Electro Minerals Corp. (Niagara Falls, Niagara County)

Allocation: 7,750 kW of RP (effective 12/1/2015)
Contract Demand: 7,750 kW of RP (effective 12/1/2015)

**Power Utilization:** 69%
Capital Spending: $1,967,791 or 133%
Job Commitment: 87 jobs (effective 12/1/2015)
Jobs Reported: 106 jobs, or 122%

**Background:** Washington Mills Electro Minerals Corp. makes abrasive grains for sandpaper and grinding wheels. Washington Mills states that market conditions have delayed implementation of planned projects. Other potential projects are being actively explored but are not at a production level at this time. Washington Mills Electro has historically underutilized its allocation.

**Recommendation:** Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to 6,150 kW, and authorize an adjustment to the job commitment to not less than 69 jobs.
EXHIBIT 7d iv-C

Non-Compliance with Capital Investment Commitments – Recommended Reductions in Contract Demands and Hydropower Allocations with Adjustments to Job Commitments and Capital Investment Commitments

1. Cliffstar, LLC (Dunkirk, Chautauqua County)
Allocation: 500 kW of EP
Contract Demand: 500 kW of EP
Power Utilization: 94%
Capital Spending Commitment: $3,222,333
**Capital Spending** $1,891,925 or 59%
Job Commitment: 630 jobs
Jobs Reported: 453 jobs, or 72%

**Background:** See discussion under Exhibit A.

**Recommendation:** Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 400 kW, and authorize an adjustment to the job commitment to not less than 517 jobs and capital investment commitment to not less than $2,642,313.*

*This customer also failed to meet its commitment for jobs. See Exhibit A above. The recommendation stated accounts for all commitment shortcomings discussed in the Exhibits.

2. Delaco AMTB, LLC. (Tonawanda, Erie County)
Allocation: 250 kW of RP
Contract Demand: 250 kW of RP
Power Utilization: 100%
Capital Spending Commitment: $485,000
**Capital Spending:** $180,333 or 37%
Job Commitment: 14 jobs
Jobs Reported: 13 jobs, or 93%

**Background:** Delaco AMTB produces laser welding automobile parts. This is the second year Delaco has not met its capital commitment threshold. Delaco AMTB did not provide any explanation for its capital spending shortfall.

**Recommendation:** Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 100 kW, and authorize an adjustment of the job commitment to not less than 7 jobs and capital investment commitment to not less than $227,950.
3. TitanX Engine Cooling, Inc. (Jamestown, Chautauqua County)

Allocation: 1,000 kW of EP
Contract Demand: 1,000 kW of EP
Power Utilization: 98%
Capital Spending Commitment: $1,083,333

Capital Spending: $821,397 or 76%
Job Commitment: 310 jobs
Jobs Reported: 283 jobs, or 91%

Background: TitanX Engine Cooling, Inc. manufactures engine cooling modules. A decrease in product demand from customers has resulted in a drop in both capital investment and employment. TitanX is focused on expanding its IAM (Independent Aftermarket) business. This new focus should result in an increased market share, which should result in increased capital investment and employment for the plant. The company is also working with existing and new customers to secure new contracts.

Recommendation: Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 850 kW, and authorize an adjustment of the job commitment to not less than 267 jobs and capital investment commitment to not less than $931,666.
EXHIBIT 7d iv-D

Reported Non-Compliance with Commitments – No Action Recommended/Requested

A) Power Utilization

1. Maclean Curtis, LLC (Buffalo, Erie County)
Allocation: 1,750 kW of RP
Contract Demand: 1,750 kW of RP
**Power Utilization:** 84%
Capital Spending: $3,417,931 or 314%
Jobs Commitment: 150 jobs
Jobs Reported: 177 jobs, or 118%

**Background:** Maclean Curtis, LLC manufactures precision machined parts. Maclean’s jobs and capital spending levels have been very strong and historically compliant. The ramp up of new business with automakers has not progressed as quickly as originally anticipated, but it expects to fully utilize its kW allocation within the next year or two. During the first quarter 2016, its kW utilization has increased slightly to 85%, with indications of an upward trend throughout 2016 and beyond. Staff will monitor its kW utilization over the course of the next reporting period to better gauge its long-term kW usage.

**Recommendation:** Staff recommends no formal compliance action at this time.

2. M&T Bank (Amherst, Erie County)
Allocation: 3,000 kW of EP - 1,500 kW of EP (effective 4/1/2016)
Contract Demand: 1,500 kW of EP (effective 4/1/2016)
**Power Utilization:** 67%
Jobs Commitment: 169 jobs
Jobs Reported: 5,658 jobs, or 3,348%

**Background:** This M&T Bank operation is a data center and provides back office financial services. 2015 marked the second of three full years of its allocation. It recently elected to reduce its allocation from 3,000 kW to 1,500 kW. M&T Bank anticipates continuing to grow into its revised allocation through the summer with increased load coming from cooling units for its servers coming on line for the first time. It thus anticipates using its full allocation by the end of 2016. Staff will monitor its kW utilization over the course of the next reporting period to better gauge its long-term kW usage.

**Recommendation:** Staff recommends no formal compliance action at this time.

3. Welded Tube of Canada (Getzville, Erie County)
Allocation: 4,000 kW of EP - Take down 3,370 kW
Contract Demand: 3,370 kW of EP
**Power Utilization:** 86%
Capital Spending: Not Required per Contract
Jobs Committed: 121 jobs
Jobs Reported: 60 jobs, or 50%
Background: Welded Tube of Canada manufactures Steel Tubes. This company is in the third full year of service. The contract allows companies three full years to meet their job and capital spending commitments; therefore, during this ramp up period, the company is not required to meet its jobs or capital spending commitments. The company has however been slightly underutilizing its kW allocation during the reporting period. As the company is not yet required to reach capital and job commitments, staff will monitor its kW utilization over the course of the next reporting period to better gauge its long-term kW usage.

Recommendation: Staff recommends no formal compliance action at this time.

Capital Spending

4. Rosina Food Products, Inc.-Cheektowaga (Buffalo, Erie County)
Allocation: 350 kW of EP (effective 12/1/2015)
Power Utilization: 100%
Capital Spending Commitment: $816,581 (effective 12/1/2015)
Capital Spending: $526,036 or 64%
Job Commitment: 141 jobs (effective 12/1/2015)
Jobs Reported: 273 jobs, or 194%

Background: Rosina Food Products, Inc. manufactures frozen Italian food specialties. The company’s allocation was reduced in July 2015 from 600 kW down to 350 kW due to non-compliance in capital investment during its 2014 reporting period. Rosina stated its spending shortfall over the past few years was due to poor operating results, primarily due to extremely high commodity costs. Rosina Food’s capital spending trended up this reporting period due to capital investments in its facility totaling $788,649. While this investment was not enough to satisfy its capital investment commitment which is evaluated based on a three-year rolling average, this single year investment compares to 96% of its capital spending commitment. Staff will continue to monitor Rosina’s spending and will recommend action if it does not continue to trend upward.

Recommendation: Staff recommends no formal compliance action at this time.

No Contract Demand / WNY allocation Reduction Calculated/Required

5. CCL Label Inc. (Buffalo, Erie County)
Allocation: 250 kW of RP
Contract Demand: 250 kW of RP
Power Utilization: 94%
Capital Spending: $298,405 or 115%
Job Commitment: 124 jobs
Jobs Reported: 106 jobs, or 85%

Background: CCL Label Inc. is a global supplier of decorative, informational and promotional labels to the world’s largest consumer and healthcare companies. In 2015, the company reported 106 employees, or 85% of its job commitment. Its aging product lines declined and resulted in an overall net loss for the facility. In
April, the company hired one additional employee. The company failed to meet its job commitment for the reporting period, but because the shortfall is relatively minor, the methodology used to calculate reduction of contract demand and allocation does not result in a reduction of the contract demand and allocation.

**Recommendation:** Staff recommends no formal compliance action at this time.

### 6. DKP Buffalo, LLC (Buffalo, Erie County)

<table>
<thead>
<tr>
<th>Allocation</th>
<th>750 kW of EP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract Demand</td>
<td>750 kW of EP</td>
</tr>
<tr>
<td><strong>Power Utilization:</strong></td>
<td>89%</td>
</tr>
<tr>
<td>Capital Spending</td>
<td>$772,817 or 221%</td>
</tr>
<tr>
<td>Jobs Commitment</td>
<td>57 jobs</td>
</tr>
<tr>
<td>Jobs Reported</td>
<td>123 jobs, or 216%</td>
</tr>
</tbody>
</table>

**Background:** DKP Buffalo manufactures steel blanks for stamping plants for various auto body parts. “Green” initiatives and capital investments over the past 2-3 years have led to more effective and efficient operations and less electricity usage. As a result, the company failed to meet its commitment for power usage. However, because the shortfall is relatively minor, the methodology used to calculate reduction of contract demand and allocation does not result in a reduction of the contract demand and allocation.

**Recommendation:** Staff recommends no formal compliance action at this time.

### 7. Lockheed Martin Corporation (Niagara Falls, Niagara County)

<table>
<thead>
<tr>
<th>Allocation</th>
<th>200 kW of RP (effective 12/1/2015)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract Demand</td>
<td>200 kW of RP (effective 12/1/2015)</td>
</tr>
<tr>
<td><strong>Power Utilization:</strong></td>
<td>100%</td>
</tr>
<tr>
<td>Capital Spending</td>
<td>$441,666 or 197%</td>
</tr>
<tr>
<td>Job Commitment</td>
<td>39 jobs (effective 12/1/2015)</td>
</tr>
<tr>
<td>Jobs Reported</td>
<td>29 jobs, or 74%</td>
</tr>
</tbody>
</table>

**Background:** Lockheed Martin Corporation (“Lockheed”) is a manufacturer of gravity gradiometer technology for the U. S. Navy and commercial use. In 2015, the company reported 29 employees, or 74% of its job commitment. The company indicated that defense spending in its product areas remained constant in 2015, but remained lower than in previous years. Continued reduction in 2015 oil prices also had a significant impact on Lockheed’s commercial customer markets. The company anticipates that employment levels will remain the same in 2016. Current projections call for 2-3 additional employees to be hired in 2017. Significant increases in the oil and mineral markets will be needed in order for the company to reach its contractual employment commitment level. However, because the shortfall is relatively minor, the methodology used to calculate reduction of contract demand and allocation does not result in a reduction of the contract demand and allocation.

**Recommendation:** Staff recommends no formal compliance action at this time.
8. **Nuttall Gear Company (Niagara Falls, Niagara County)**

<table>
<thead>
<tr>
<th>Allocation:</th>
<th>350 kW of EP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract Demand:</td>
<td>350 kW of EP</td>
</tr>
<tr>
<td>Power Utilization:</td>
<td>100%</td>
</tr>
<tr>
<td>Capital Spending:</td>
<td>$568,911 or 667%</td>
</tr>
<tr>
<td>Job Commitment:</td>
<td>108 jobs</td>
</tr>
<tr>
<td><strong>Jobs Reported:</strong></td>
<td>91 jobs, or 84%</td>
</tr>
</tbody>
</table>

**Background:** Nuttall Gear is a leading manufacturer of enclosed gear devices. The company was impacted by economic conditions resulting from lower oil prices and lost 2 jobs in the reporting year. It indicates it has had difficulty finding qualified CNC machinists and are working with BOCES on an internship and training program, and desires to add employees as soon as economic conditions improve. However, because its jobs shortfall is relatively minor, the methodology used to calculate reduction of contract demand and allocation does not result in a reduction of the contract demand and allocation.

**Recommendation:** Staff recommends no formal compliance action at this time.

9. **Washington Mills Tonawanda, Inc. (Tonawanda, Erie County)**

<table>
<thead>
<tr>
<th>Allocation:</th>
<th>300 kW of RP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract Demand:</td>
<td>300 kW of RP</td>
</tr>
<tr>
<td>Power Utilization:</td>
<td>94%</td>
</tr>
<tr>
<td>Capital Spending:</td>
<td>$522,224 or 220%</td>
</tr>
<tr>
<td>Job Commitment:</td>
<td>38 jobs</td>
</tr>
<tr>
<td><strong>Jobs Reported:</strong></td>
<td>32 jobs, or 84%</td>
</tr>
</tbody>
</table>

**Background:** Washington Mills, Tonawanda, Inc. is manufacturer of abrasive products. The company experienced a market decline in the second half of 2015 which resulted in a decrease in jobs. At this time, Washington Mills has not provided additional information regarding its anticipated employment levels moving forward. Temporary market downturn has resulted in lower work and employment levels. The company anticipates that normal conditions will resume in the fourth quarter 2016. However, because its job shortfall is relatively minor, the methodology used to calculate reduction of contract demand and allocation does not result in a reduction of the contract demand and allocation.

**Recommendation:** Staff recommends no formal compliance action at this time.
EXHIBIT 7d iv-E

Non-Compliance with Reporting Requirement – Allocations to be Suspended

1. Coyne Textile Services (Buffalo, Erie County)
Allocation: 150 kW of EP (effective 12/1/2015)
Contract Demand: 150 kW of EP (effective 12/1/2015)
Power Utilization: 100% Based on B.I. Data
Capital Spending Commitment: $141,185
Job Commitment: 32 jobs (effective 12/1/15)

Background: Coyne Textile Services provides textile rental products (work uniforms, shop floor mats, etc.) and laundering services. In January 2015, it informed NYPA that it has filed bankruptcy. Coyne Textile did not submit its 2015 compliance report.

Recommendation: Staff intends to suspend electric service to this customer.
### Non-Compliance with Job Commitments – Recommended Reductions in Contract Demands and Hydropower Allocations with Adjustments to Job Commitments (A)

<table>
<thead>
<tr>
<th>Customer</th>
<th>Allocation (kW)</th>
<th>Employment Commitment (# of Jobs)</th>
<th>Jobs Reported</th>
<th>Jobs Compliance %</th>
<th>Revised Commitments</th>
<th>Reductions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Air Products, Inc. - Medina</td>
<td>600</td>
<td>12</td>
<td>6</td>
<td>50%</td>
<td>350</td>
<td>7</td>
</tr>
<tr>
<td>API Heat Transfer, Inc.</td>
<td>300</td>
<td>340</td>
<td>264</td>
<td>78%</td>
<td>250</td>
<td>299</td>
</tr>
<tr>
<td>Ashland Advanced Materials LLC</td>
<td>2,150</td>
<td>46</td>
<td>26</td>
<td>57%</td>
<td>2,050</td>
<td>44</td>
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<tr>
<td>Cliffstar LLC*</td>
<td>500</td>
<td>630</td>
<td>453</td>
<td>72%</td>
<td>400</td>
<td>517</td>
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<tr>
<td>RHI Monofrax, LTD</td>
<td>1,650</td>
<td>197</td>
<td>161</td>
<td>82%</td>
<td>1,500</td>
<td>181</td>
</tr>
<tr>
<td>Saint-Gobain Structural Ceramics*</td>
<td>6,050</td>
<td>184</td>
<td>129</td>
<td>70%</td>
<td>4,850</td>
<td>147</td>
</tr>
<tr>
<td>Special Metals Corporation - APP. ID 9807</td>
<td>1,000</td>
<td>81</td>
<td>68</td>
<td>84%</td>
<td>950</td>
<td>76</td>
</tr>
<tr>
<td>TAM Ceramics Group of NY, LLC*</td>
<td>6,800</td>
<td>97</td>
<td>83</td>
<td>86%</td>
<td>6,550</td>
<td>93</td>
</tr>
<tr>
<td>Treibacher Schleifmittel North America, Inc.</td>
<td>550</td>
<td>47</td>
<td>30</td>
<td>64%</td>
<td>400</td>
<td>35</td>
</tr>
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</table>

**TOTALS:** 2,300 235

### Non-Compliance with Power Utilization Commitments – Recommended Reductions in Contract Demands and Hydropower Allocations with Adjustments to Job Commitments (B)

<table>
<thead>
<tr>
<th>Customer</th>
<th>Allocation (kW)</th>
<th>Employment Commitment (# of Jobs)</th>
<th>Usage Reported</th>
<th>Usage Compliance %</th>
<th>Revised Commitments</th>
<th>Reductions</th>
</tr>
</thead>
<tbody>
<tr>
<td>CertainTeed Corporation</td>
<td>3,000</td>
<td>108</td>
<td>2,085</td>
<td>70%</td>
<td>2,400</td>
<td>86</td>
</tr>
<tr>
<td>Dunkirk Specialty Steel, LLC</td>
<td>5,800</td>
<td>180</td>
<td>4,872</td>
<td>84%</td>
<td>5,450</td>
<td>169</td>
</tr>
<tr>
<td>General Motors LLC</td>
<td>23,425</td>
<td>710</td>
<td>19,975</td>
<td>85%</td>
<td>22,250</td>
<td>675</td>
</tr>
<tr>
<td>GM Components Holdings LLC</td>
<td>24,300</td>
<td>950</td>
<td>17,495</td>
<td>72%</td>
<td>19,950</td>
<td>779</td>
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<tr>
<td>Praxair, Inc. - Niagara Falls</td>
<td>48,050</td>
<td>83</td>
<td>41,804</td>
<td>87%</td>
<td>46,600</td>
<td>81</td>
</tr>
<tr>
<td>Praxair, Inc. - Tonawanda</td>
<td>4,750</td>
<td>1300</td>
<td>4,180</td>
<td>88%</td>
<td>4,650</td>
<td>1274</td>
</tr>
<tr>
<td>Saint-Gobain Structural Ceramics*</td>
<td>6,050</td>
<td>184</td>
<td>4,405</td>
<td>73%</td>
<td>4,850</td>
<td>147</td>
</tr>
<tr>
<td>TAM Ceramics Group of NY, LLC*</td>
<td>6,800</td>
<td>97</td>
<td>4,505</td>
<td>66%</td>
<td>6,550</td>
<td>93</td>
</tr>
<tr>
<td>Washington Mills Electro Minerals Corp</td>
<td>7,750</td>
<td>87</td>
<td>5,355</td>
<td>69%</td>
<td>6,150</td>
<td>69</td>
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</table>

**TOTALS:** 11,075 326

### Non-Compliance with Capital Investment Commitments (CIC) – Recommended Reductions in Contract Demands and Hydropower Allocations with Adjustments to Job Commitments and CIC (C)

<table>
<thead>
<tr>
<th>Customer</th>
<th>Allocation (kW)</th>
<th>Employment Commitment (# of Jobs)</th>
<th>Capital Investment Commitment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cliffstar LLC*</td>
<td>500</td>
<td>630</td>
<td>$3,222,333</td>
</tr>
<tr>
<td>Delaco AMTB, LLC</td>
<td>250</td>
<td>14</td>
<td>$485,000</td>
</tr>
<tr>
<td>TitanX Engine Cooling, Inc.</td>
<td>1,000</td>
<td>310</td>
<td>$1,083,333</td>
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</table>

### Reported Non-Compliance with Commitments – No Action Recommended/Requested (D)

<table>
<thead>
<tr>
<th>Customer</th>
<th>Allocation (kW)</th>
<th>Employment Commitment (# of Jobs)</th>
<th>Capital Investment Commitment</th>
</tr>
</thead>
<tbody>
<tr>
<td>CCL Label Inc.</td>
<td>250</td>
<td>124</td>
<td>2,591,26</td>
</tr>
<tr>
<td>DPK Buffalo, LLC</td>
<td>750</td>
<td>57</td>
<td>350,000</td>
</tr>
<tr>
<td>Lockheed Martin Corporation</td>
<td>200</td>
<td>39</td>
<td>223,667</td>
</tr>
<tr>
<td>Maclean Curtis, LLC</td>
<td>1,750</td>
<td>150</td>
<td>1,088,196</td>
</tr>
<tr>
<td>M&amp;T Bank</td>
<td>3,000</td>
<td>169</td>
<td>3,000</td>
</tr>
<tr>
<td>Nuttall Gear Company</td>
<td>350</td>
<td>108</td>
<td>85,295</td>
</tr>
<tr>
<td>Washington Mills Tonawanda, Inc.</td>
<td>300</td>
<td>38</td>
<td>237,333</td>
</tr>
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</table>

**TOTALS:** 400 163 $988,737
## EXHIBIT 7d iv-F: SUMMARY OF EXHIBITS

### Reported Non-Compliance with Commitments – No Action Recommended/Requested (D)

<table>
<thead>
<tr>
<th>Customer</th>
<th>Allocation (kW)</th>
<th>Employment Commitment (# of Jobs)</th>
<th>Capital Investment Commitment</th>
<th>Capital Investment Reported</th>
<th>Capital Investment Compliance %</th>
<th>Revised Commitments (kW)</th>
<th>Jobs</th>
<th>Capital Investment</th>
<th>Reductions (kW)</th>
<th>Jobs</th>
<th>Capital Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Welded Tube of Canada</td>
<td>4,000</td>
<td>121</td>
<td>0</td>
<td>4,000</td>
<td>121</td>
<td>$</td>
<td>-</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Rosina Food Products, Inc. - (Cheektowaga)</td>
<td>350</td>
<td>141</td>
<td>$816,581</td>
<td>$526,036</td>
<td>64%</td>
<td>350</td>
<td>141</td>
<td>$816,581</td>
<td>0</td>
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</table>

### Non-Compliance with Reporting Requirement – Allocations to be Suspended (E)

<table>
<thead>
<tr>
<th>Customer</th>
<th>Allocation (kW)</th>
<th>Employment Commitment (# of Jobs)</th>
<th>Revised Commitments (kW)</th>
<th>Capital Investment</th>
<th>Reductions (kW)</th>
<th>Capital Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coyne Textile Services (Buffalo)</td>
<td>150</td>
<td>32</td>
<td>$141,185</td>
<td>$141,185</td>
<td>0</td>
<td>0</td>
</tr>
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</table>

**Total kW Reduction** 12,225  
**Total Job Reduction** 570  
**Total Capital Investment Reduction** $988,737
## Applicants Recommended for an Award of Fund Benefits by the Western NY Proceeds Allocation Board

<table>
<thead>
<tr>
<th>Line</th>
<th>Business Name</th>
<th>City</th>
<th>County</th>
<th>Economic Development Region</th>
<th>Project Description</th>
<th>Project Type</th>
<th>Recommended Award Amount</th>
<th>Total Project Cost</th>
<th>Jobs Retained</th>
<th>Jobs Created</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Roger L. Urban, Inc. dba Platters Chocolates</td>
<td>N. Tonawanda</td>
<td>Niagara</td>
<td>Western NY</td>
<td>Business Expansion</td>
<td>Business Investment</td>
<td>$200,000</td>
<td>$1,325,000</td>
<td>15</td>
<td>35</td>
</tr>
<tr>
<td>2</td>
<td>Niagara Falls National Heritage Area, Inc.</td>
<td>Niagara Falls</td>
<td>Niagara</td>
<td>Western NY</td>
<td>Bus/Trolley Service</td>
<td>Tourism/Marketing</td>
<td>$200,000</td>
<td>$1,860,368</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td><strong>Total:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>$400,000</strong></td>
<td><strong>$3,185,368</strong></td>
<td>15</td>
<td>35</td>
</tr>
</tbody>
</table>

Total Jobs Created & Retained: 50

July 26, 2016
Western NY Power Proceeds Allocation Board

Criteria adapted from the Western NY Power Proceeds Allocation Board’s “Procedures for the Review of Applications for Fund Benefits”

1. The extent to which an award of Fund Benefits would be consistent with the strategies and priorities of the Regional Economic Development Council (“REDC”) having responsibility for the region in which an Eligible Project is located. The Western New York Regional Economic Development Council which is responsible for Eligible Projects in Erie and Niagara Counties Strategies & Priorities are:

- Promote “Smart Growth” by investing in areas that infrastructure already exists and achieves certain goals, such as: preserving historic buildings; reviving downtowns; reviving main streets; investing in existing neighborhoods; and investing in former industrial sites. A project consistent with Smart Growth will also focus on: enhancing walkability; enhancing multiple modes of transportation; connecting disadvantaged communities to employment clusters; spurring mixed-use private investment in existing communities and preserving/enhancing natural lands and or resources.
- Promote workforce development by increasing diversity in the labor force, developing and cultivating that includes workers with advancement potential, underemployed, unemployed and special population; align education and skills training to job market for current and future industry needs.
- Foster entrepreneurship and new business formation and growth. Designing a plan that brings new technologies and/or products to the marketplace, increases new start ups in strategic industries and facilitates the commercialization of products that can lead to job growth in the Region.
- Increase the industry profile of agriculture in WNY by: creating better access to markets; creating new products; creating new more efficient processes; creating strong regional brands; creating programs that promote careers in agriculture.
- Utilize Western New York’s proximity to Canadian and U.S. population centers to advance economic development in WNY. Bi-national projects will: utilize cross-border planning to create transportation and logistical infrastructure; improve operational relationships; promote the attractiveness of WNY as a hub for global trade.

1 As provided for in EDL § 189-c(4), criteria 2-15 are adapted from the criteria for eligibility for Expansion Power, Replacement Power and Preservation Power under Public Authorities Law § 1005. The specific criteria identified in PAL § 1005(13)(b)(4)-(5) are relevant to power allocations under these programs but do not have any logical application to allocations of Fund Benefits. Therefore, the Board does not expect to use these criteria to evaluate applications for Fund Benefits. Additionally, in accordance with PAL § 1005(13), criteria 13-15 listed herein will only be used in the case of Eligible Projects which are proposed by Applicants as, and determined by the Board to be, “revitalization” projects.
- Position the WNY region as a global energy hub through new sources of clean energy, energy efficiency and energy efficient transportation.
- Support growth of advanced manufacturing by making research more available to manufacturers to help them innovate.
- Spur growth in the health and life sciences industry through improved commercialization, recruit high profile research talent and reducing the cost burden of healthcare while improving health outcomes.
- Expand the scope of higher education by increasing accessibility to Higher Education for communities that currently have limited access to educational opportunities; better aligning education with the industry needs and creating support structures for start-ups which will assist start-ups with commercialization, business planning, workforce preparation, facilities, etc.
- Grow visitors and visitor spending by raising the profile of WNY as a national and international destination; connect multiple tourist destinations in WNY; improve the profile of the WNY Gateway to the United States.

For more information on the Western New York Regional Economic Development Council please go to http://regionalcouncils.ny.gov/content/western-new-york.

2. The extent to which an award of Fund Benefits would be consistent with the strategies and priorities of the Regional Economic Development Council (“REDC”) having responsibility for the region in which an Eligible Project is located. The Finger Lakes Regional Economic Development Council which is responsible for Eligible Projects in Orleans and Genesee Counties Strategies & Priorities can be found at: http://regionalcouncils.ny.gov/content/finger-lakes.

3. The number of jobs that would be created as a result of an award of Fund Benefits.
4. The applicant’s long term commitment to the region as evidenced the current and/or planned capital investment in applicant’s facilities in the region.
5. The ratio of the number of jobs to be created to the amount of Fund Benefits requested.
6. The types of jobs that would be created, as measured by wage and benefit levels, security and stability of employment.
7. The amount of capital investment, including the type and cost of buildings, equipment and facilities, proposed to be constructed, enlarged or installed.
8. The extent to which an award of Fund Benefits would affect the overall productivity or competitiveness of the applicant and its existing employment.
9. The extent to which an award of Fund Benefits may result in a competitive disadvantage for other business in the State.

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2 As provided for in EDL § 189-c(4), criteria 2-15 are adapted from the criteria for eligibility for Expansion Power, Replacement Power and Preservation Power under Public Authorities Law § 1005. The specific criteria identified in PAL § 1005(13)(b)(4)-(5) are relevant to power allocations under these programs but do not have any logical application to allocations of Fund Benefits. Therefore, the Board does not expect to use these criteria to evaluate applications for Fund Benefits. Additionally, in accordance with PAL § 1005(13), criteria 13-15 listed herein will only be used in the case of Eligible Projects which are proposed by Applicants as, and determined by the Board to be, “revitalization” projects.
10. The growth potential of the applicant’s facilities and the contribution of economic strength to the area in which the applicant’s facilities are or would be located.
11. The extent of the applicant’s willingness to satisfy affirmative action goals.
12. The extent to which an award of Fund Benefits is consistent with state, regional and local economic development strategies and priorities and supported by local units of government in the area in which the business is located.
13. The impact of an award of Fund Benefits on the operation of any other facilities of the applicant, and on other businesses within the region.
14. That the business is likely to close, partially close or relocate resulting in the loss of a substantial number of jobs.
15. That the applicant is an important employer in the community and efforts to revitalize the business are in long-term interests of both employers and the community.
16. That a reasonable prospect exists that the proposed award of Fund Benefits will enable the applicant to remain competitive and become profitable and preserve jobs for a substantial period of time.
Western New York Economic Development Fund Recommendation Memo

<table>
<thead>
<tr>
<th>Applicant Name:</th>
<th>Roger L. Urban, Inc. dba Platters Chocolates (“Platters”)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Type:</td>
<td>Business Investment</td>
</tr>
<tr>
<td>Industry:</td>
<td>Candy Manufacturing</td>
</tr>
<tr>
<td>Amount Requested:</td>
<td>$200,000</td>
</tr>
</tbody>
</table>

**RECOMMENDED OFFER**

| Recommended Total Award: | $200,000 |
| Total Project Cost:      | $1,325,000 |
| % of Project Cost Recommended: | 15% |

**PROJECT BUDGET (Proposed by Applicant)**

<table>
<thead>
<tr>
<th>Use of funds</th>
<th>Amount</th>
<th>Source of Funds</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planning/feasibility Study</td>
<td>$150,000</td>
<td>WNY EDF</td>
<td>$200,000</td>
</tr>
<tr>
<td>Construction/Renovation</td>
<td>$550,000</td>
<td>M &amp; T Bank</td>
<td>$650,000</td>
</tr>
<tr>
<td>Machinery + Equipment</td>
<td>$450,000</td>
<td>Niagara EDF</td>
<td>$250,000</td>
</tr>
<tr>
<td>Furniture &amp; Fixtures</td>
<td>$175,000</td>
<td>Cash Equity</td>
<td>$135,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>NYS Office of Community Renewal</td>
<td>$90,000</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td>$1,325,000</td>
<td><strong>Total:</strong></td>
<td>$1,325,000</td>
</tr>
</tbody>
</table>

**REGIONAL IMPACT MEASUREMENTS**

<table>
<thead>
<tr>
<th>Job Commitments:</th>
<th>Applicant will retain 15 full time equivalents (“FTE”) and create 35 FTE positions over four years.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Salary of Jobs:</td>
<td>$27,000</td>
</tr>
<tr>
<td>Indirect Jobs Created</td>
<td></td>
</tr>
<tr>
<td>Other Impact</td>
<td></td>
</tr>
</tbody>
</table>
Western New York Economic Development Fund Recommendation Memo

### PROJECT DESCRIPTION (Adapted from Application)

The applicant operates a chocolate manufacturing business known as Platters Chocolates. The company has outgrown its current 17,000 sq. ft. location and plans to relocate into a 23,000 sq. ft. facility in the historic Wurlitzer building where it will incorporate into its business a unique tourism destination to attract a portion of the annual Niagara Falls visitors. Guests will be offered a plant tour featuring Platters staff making sponge candy and other confections using traditional methods. The Wurlitzer building is the site where Wurlitzer Organs and Jukeboxes were once produced, which will add to the attractiveness of the project as a tourist destination.

A key aspect of the expansion will be to incorporate climate control equipment to expand the candy-making season. At present, the applicant cannot make good chocolate in humid weather, except for fudge, which compels it to shut down chocolate lines in the summer. The project will allow the company to expand chocolate production while accommodating tours thereby requiring the addition of 35 new jobs over the next four years.

### OTHER ECONOMIC DEVELOPMENT BENEFITS RECEIVED

<table>
<thead>
<tr>
<th>Type</th>
<th>Amount</th>
<th>Source</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>ESD</td>
<td>$175,000 Excelsior</td>
<td>NYS Office of Community Renewal:</td>
<td>$90,000</td>
</tr>
<tr>
<td>Niagara EDF Loan:</td>
<td>$250,000</td>
<td>Other: NCIDA</td>
<td>$36.4K sales tax exemption</td>
</tr>
</tbody>
</table>

### PREVIOUS STATE ASSISTANCE OFFERED OR PROVIDED

<table>
<thead>
<tr>
<th>Type</th>
<th>Amount</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>N/A</td>
<td>$</td>
<td></td>
</tr>
</tbody>
</table>
**Western New York Economic Development Fund Recommendation Memo**

**BASIS FOR RECOMMENDATION**

Since, 2013 Platters has grown revenue to over $1 million dollars. Platters has reached capacity at its current location (954 Oliver Street in North Tonawanda). In order to maintain the company's current growth and accommodate future growth, Platters plans to add a second production line to manufacture chocolate. Currently, the company has one production line used to manufacture the company's fine chocolate or run sponge candy. The ability to run sponge candy all the time requires the addition of a second line, cooling tables and melters. Platters must also purchase a detailer machine that will identify chocolates and sponge candy that contains peanut butter or nuts to expand to private label and wholesale markets. The new location at the Wurlitzer Building allows Platters to grow from roughly 17,000 square foot to 23,000 square foot and to expand production, create efficiencies and accommodate requests for tours. Platters is also differentiating its products by branding a “Gotta (heart) Buffalo” line of chocolates and working to make WNY the Sponge Candy Capital of the World, which will be facilitated by expanded production capacity.

An award of fund benefits will allow Platters to locate to a new a factory that will accommodate tours, increase wholesale production, allow for expanded brand name recognition and add jobs.

Given Platters’ recent acquisition of Ko-ed Candies in 2014 and current debt, an award of fund benefits to support the purchase of machinery and equipment appears necessary in order for project completion to be fulfilled.

**ANTICIPATED DISBURSEMENT TERMS**

Fund Benefits would be used to reimburse the applicant for a portion of costs associated with new machinery and equipment. It is anticipated that funds will be disbursed in arrears in a manner proportionate to the total for eligible expenses. Payment will be made upon presentation to NYPA of invoices and such other documentation acceptable to NYPA verifying the applicant has incurred eligible expenses of approximately $1.3 million and is compliant with yearly job commitments.
Western New York Economic Development Fund Recommendation Memo

<table>
<thead>
<tr>
<th>Applicant Name:</th>
<th>Niagara Falls National Heritage Area, Inc. (&quot;NFnHA&quot;)</th>
<th>REDC Region:</th>
<th>Western New York</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Type:</td>
<td>Tourism/Marketing</td>
<td>County:</td>
<td>Niagara</td>
</tr>
<tr>
<td>Industry:</td>
<td>Tourism</td>
<td>Locality:</td>
<td>Niagara Falls</td>
</tr>
<tr>
<td>Amount Requested:</td>
<td>$200,000</td>
<td>Start Date:</td>
<td>May 2016</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Finish Date:</td>
<td>October 2017</td>
</tr>
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</table>

**RECOMMENDED OFFER**

<table>
<thead>
<tr>
<th>Recommended Total Award:</th>
<th>$200,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Project Cost:</td>
<td>$1,860,368</td>
</tr>
<tr>
<td>% of Project Cost Recommended:</td>
<td>11%</td>
</tr>
</tbody>
</table>

**PROJECT BUDGET (Proposed by Applicant)**

<table>
<thead>
<tr>
<th>Use of funds</th>
<th>Amount</th>
<th>Source of Funds</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trolley Lease Costs</td>
<td>$1,186,668</td>
<td>WNY EDF</td>
<td>$200,000</td>
</tr>
<tr>
<td>Bike Racks</td>
<td>$10,000</td>
<td>Committed:</td>
<td></td>
</tr>
<tr>
<td>Program Administration</td>
<td>$216,000</td>
<td>NYPA</td>
<td>$500,000</td>
</tr>
<tr>
<td>Long Term Business Planning</td>
<td>$10,000</td>
<td>Niagara Tourism &amp; Convention Corp.</td>
<td>$100,000</td>
</tr>
<tr>
<td>Two Year Marketing Costs</td>
<td>$437,700</td>
<td>NYS Parks</td>
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</tr>
<tr>
<td></td>
<td></td>
<td>USA Niagara</td>
<td>$120,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Niagara University</td>
<td>$30,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Cash Equity</td>
<td>$100,00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Potential:</td>
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</tr>
<tr>
<td></td>
<td></td>
<td>Day Pass Revenues</td>
<td>$120,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Assembly Member Item</td>
<td>$100,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>City of Niagara Falls</td>
<td>$50,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Town of Niagara</td>
<td>$50,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Town of Lewiston</td>
<td>$50,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Niagara County</td>
<td>$30,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Youngstown</td>
<td>$30,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Less: Allowance for Funding Rejections</td>
<td>($19,632)</td>
</tr>
</tbody>
</table>

| Total:                  | $1,860,368 |
| Total:                  | $1,860,368 |

**REGIONAL IMPACT MEASUREMENTS**

**Job Commitments:** The Funding Track under which the application was submitted does not require job-related impact.
Western New York Economic Development Fund Recommendation Memo

<table>
<thead>
<tr>
<th>Average Salary of Jobs:</th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indirect Jobs Created</td>
<td></td>
</tr>
<tr>
<td>Other Impact</td>
<td></td>
</tr>
</tbody>
</table>

**PROJECT DESCRIPTION (Adapted from Application)**

NFNHA proposes to operate a trolley/bus service as a two year pilot project to provide “hop-on, hop-off” transportation to historic/heritage/tourism destinations located between the Niagara Falls State Park and Youngstown, NY in order to extend visitor stays, increase economic impact for businesses and communities by encouraging tourism spending, provide additional amenities to encourage return visitation, collect visitor data to advance tourism initiatives in WNY and cultivate a culture of strategic planning within the tourism industry and research the development of more routes.

**OTHER ECONOMIC DEVELOPMENT BENEFITS RECEIVED (See Above)**

<table>
<thead>
<tr>
<th>ESD:</th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td>IDA: PILOT, Sales Tax &amp; Mortgage Recording:</td>
<td>N/A</td>
</tr>
</tbody>
</table>

**PREVIOUS STATE ASSISTANCE OFFERED OR PROVIDED**

<table>
<thead>
<tr>
<th>TYPE</th>
<th>AMOUNT</th>
<th>STATUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>ESD</td>
<td>$</td>
<td>Closed</td>
</tr>
</tbody>
</table>
Western New York Economic Development Fund Recommendation Memo

**BASIS FOR RECOMMENDATION**

The objective of the NFNHA is to enhance public appreciation for the significant historic and natural resources and landscapes offered by the Niagara region. It looks to make interpretive, environmental, economic and social improvements that benefit residents and visitors alike. In pursuing its mission, the NFNHA encourages historic preservation, recreational access and environmental recovery.

According to the U.S. Office of Travel and Tourism, heritage/cultural based sightseeing is among the fastest growing segments of the tourism industry. Approximately 8 million people visit the Niagara Falls State Park annually. However, research has shown that many rarely venture beyond the Park’s perimeter and it is believed this is primarily due to transportation constraints. Current transit service in the Niagara Gorge corridor is limited and provides only continuous travel options accompanied by narration. There presently is no opportunity for passengers to disembark to further explore locations of interest secure in the knowledge that shuttles will reliably arrive at twenty-minute intervals to provide return transportation.

Over the last decade, various studies have reinforced the importance of creating reliable and efficient tourist-oriented shuttle service to enable visitors to enjoy the full range of natural resources available along the entire Niagara Gorge corridor. These studies include the:

- Niagara Falls Multi-Modal Transportation Program (2005);
- Niagara County Transit Restructuring Study (2006);
- Concept study for an “Explore Niagara” trolley produced by Niagara University with funding from Assemblyman John Ceretto (2009), and;

The project would also contribute to cutting carbon emissions by reducing motor vehicle traffic and providing bike racks to allow cyclists to explore stop-over areas within the tour route.

**ANTICIPATED DISBURSEMENT TERMS**
Fund Benefits could be used to reimburse the applicant for a portion of the costs associated with the annual lease costs for the trolley. A portion of the funds could be dispersed in advance, with the balance distributed in arrears as evidenced by such documentation NYPA may require verifying project start and completion and applicant expenditures.
### Western New York Economic Development Fund Update

**As of June-16**

#### The Fund

| Total Deposits to the Fund to Date: | $41,031,000 |
| Total Interest Earned on Deposits to Date: | $111,804 |
| **Total Funds Deposited:** | **$41,142,804** |

#### Expenditures

| Total Funds Deposited: | $41,142,804 |
| Total Administrative Expenses Withdrawn: | $0 |
| Disbursements to Grantees: | ($18,132,424) |
| **Total Expenditures:** | **($18,132,424)** |

| **Total Funds Deposited:** | **$41,142,804** |
| Total Administrative Expenses Withdrawn: | $0 |
| **Total Funds Available for Awards:** | **$23,010,380** |

#### Awards

| Total Funds Deposited: | $41,142,804 |
| Standard Projects: | $29,064,998 |
| Energy Related Projects\(^2\): | $3,128,320 |
| **Total Fund Benefits Approved by the Trustees\(^3\):** | **$32,193,318** |

| **Total Fund Benefits Available to be Awarded by the Trustees\(^4\):** | **$8,949,486** |

#### Energy-Related Projects

| Minimum Amount (15%) of the Fund Dedicated to Energy-Related Projects: | $6,154,650 |
| Total Awards (8%) Made for Energy-Related Projects to Date (not including today): | $3,128,320 |
| **Fund Benefits Currently Available to be Awarded for Energy-Related Projects Only:** | **$3,026,330** |

#### Today’s Recommendations

| Standard Projects: | $400,000 |
| Energy-Related Projects or Project Components: | $0 |
| **2 Total Recommendations Before the Board Today:** | **$400,000** |

#### Expansion Power (“EP”) and Replacement Power (“RP”) Summary

| Estimated Unallocated EP and RP to Date (MW): | 79 |
| Estimated Allocated but Unused Hydropower to Date (MW)\(^5\): | 39 |
| **Total Estimated Unutilized EP and RP to Date (MW):** | **118** |

---

1. The “Fund”, known as the “Western New York Economic Development Fund”, is created and administered by the New York Power Authority ("NYPA"). It is funded with the aggregate excess of revenues ("Net Earnings") received by NYPA from the sale of Expansion Power ("EP") and Replacement Power ("RP") produced at NYPA’s Niagara Power Project that is sold in the wholesale energy market over what revenues would have been received had such Power been sold on a firm basis to an eligible EP or RP customer.

2. As defined by the Western New York Power Proceeds Allocation Act, a minimum of 15% of Fund Benefits shall be dedicated to “energy-related projects, programs and services”. In accordance with EDL § 189-a(6), “energy-related projects, programs and services” means: (1) energy efficiency projects and services; (2) clean energy technology projects and services; (3) high performance and sustainable building programs and services; and (4) the construction, installation and/or operation of facilities or equipment done in connection with any such projects, programs or services.

3. Funds awarded to applicants to the Fund who are recommended for an award by the WNYPPAB and approved by the NYPA Trustees are known as “Fund Benefits.” Disbursement of Fund Benefits is subject to satisfaction of certain terms and conditions.

4. Total Fund Benefits Available to Be Awarded is calculated as Total Funds minus the sum of Total Fund Benefits Awarded and Total Administrative Expenses Withdrawn.

5. The NYPA Trustees may allocate EP or RP to eligible companies. Such customers may use the entire allocation, or such customers may “take down” only a portion of the allocation based on their needs at the time. EP and RP that is unallocated, or that is allocated but not taken down, is eligible to be used for WNYEDF “Net Earnings”.

6. Unutilized EP and RP consists of an estimate of both unallocated hydropower and allocated hydropower that has not been taken down by customers.
## WNYEDF Awards by County

<table>
<thead>
<tr>
<th>County</th>
<th>Company</th>
<th>Trustees Approvals ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Erie</td>
<td>425 Michigan Ave, LLC</td>
<td>$500,000</td>
</tr>
<tr>
<td></td>
<td>Coolture</td>
<td>$300,000</td>
</tr>
<tr>
<td></td>
<td>Eden Valley Growers</td>
<td>$80,000</td>
</tr>
<tr>
<td></td>
<td>Field &amp; Fork Network</td>
<td>$166,912</td>
</tr>
<tr>
<td></td>
<td>Ford Motor Company</td>
<td>$1,000,000</td>
</tr>
<tr>
<td></td>
<td>Forest Lawn Heritage Foundation</td>
<td>$150,000</td>
</tr>
<tr>
<td></td>
<td>Innomotive Solutions Group LLC</td>
<td>$150,000</td>
</tr>
<tr>
<td></td>
<td>Launch NY</td>
<td>$5,418,000</td>
</tr>
<tr>
<td></td>
<td>Living Green Insulation Products and Services, LLC</td>
<td>$165,570</td>
</tr>
<tr>
<td></td>
<td>Michigan Street African American Heritage Corridor Commission, Inc.</td>
<td>$250,000</td>
</tr>
<tr>
<td></td>
<td>Nexus Natural Gas LLC</td>
<td>$570,000</td>
</tr>
<tr>
<td></td>
<td>OSC Manufacturing &amp; Equipment Services, Inc.</td>
<td>$750,000</td>
</tr>
<tr>
<td></td>
<td>PLS III LLC dba We Care Transportation Services</td>
<td>$1,000,000</td>
</tr>
<tr>
<td></td>
<td>Visit Buffalo Niagara</td>
<td>$250,000</td>
</tr>
<tr>
<td></td>
<td>43North LLC</td>
<td>$12,000,000</td>
</tr>
<tr>
<td></td>
<td>Explore and More...A Childrens Museum</td>
<td>$1,700,000</td>
</tr>
<tr>
<td></td>
<td>Buffalo Niagara Enterprise</td>
<td>$65,836</td>
</tr>
<tr>
<td></td>
<td>Amos Zittel &amp; Sons</td>
<td>$380,000</td>
</tr>
<tr>
<td></td>
<td>D’Youville College</td>
<td>$400,000</td>
</tr>
<tr>
<td></td>
<td>Martin House Restoration Corporation</td>
<td>$700,000</td>
</tr>
<tr>
<td></td>
<td>General Mills</td>
<td>$500,000</td>
</tr>
<tr>
<td></td>
<td>Buffalo Arts and Technology Center</td>
<td>$380,000</td>
</tr>
<tr>
<td>Erie Total</td>
<td></td>
<td>$26,876,318</td>
</tr>
<tr>
<td>Genesee</td>
<td>Yancy’s Fancy, Inc.</td>
<td>$500,000</td>
</tr>
<tr>
<td>Genesee Total</td>
<td></td>
<td>$500,000</td>
</tr>
<tr>
<td>Niagara</td>
<td>Aquarium of Niagara</td>
<td>$1,750,000</td>
</tr>
<tr>
<td></td>
<td>Diversified Manufacturing, Inc.</td>
<td>$450,000</td>
</tr>
<tr>
<td></td>
<td>Global Outreach Mission, Inc.</td>
<td>$154,500</td>
</tr>
<tr>
<td></td>
<td>Niagara University</td>
<td>$250,000</td>
</tr>
<tr>
<td></td>
<td>Washington Mills</td>
<td>$140,000</td>
</tr>
<tr>
<td></td>
<td>NFIA Stakeholders Group, Inc.</td>
<td>$24,750</td>
</tr>
<tr>
<td></td>
<td>The WNY Women’s Foundation, Inc.</td>
<td>$100,000</td>
</tr>
<tr>
<td></td>
<td>Cambria Asphalt Products</td>
<td>$72,750</td>
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<tr>
<td></td>
<td>Borderworx Logistics, LLC</td>
<td>$285,000</td>
</tr>
<tr>
<td></td>
<td>Tulip Manufacturing</td>
<td>$1,000,000</td>
</tr>
<tr>
<td></td>
<td>Niagara University (II)</td>
<td>$500,000</td>
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<tr>
<td></td>
<td>NFIA Stakeholders Group, Inc. (II)</td>
<td>$90,000</td>
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<tr>
<td>Niagara Total</td>
<td></td>
<td>$4,817,000</td>
</tr>
<tr>
<td>Grand Total</td>
<td></td>
<td>$32,193,318</td>
</tr>
</tbody>
</table>

The companies in this list are the applicants to the Fund whose proposed projects were (i) recommended for an award of Fund Benefits by the WNYPPAB and (ii) awarded Fund Benefits by the NYPA Trustees. This list does not include applicants whose proposed projects received a recommendation for an award of Fund Benefits by the WNYPPAB but have not been considered yet by the NYPA Trustees for various reasons.
## Executive Risk Management Committee Charter

<table>
<thead>
<tr>
<th>Revision Date (For BCG Use Only)</th>
<th>Revision #</th>
<th>Description/Modification</th>
<th>Revision Section(s)</th>
<th>Author</th>
</tr>
</thead>
<tbody>
<tr>
<td>6/6/2016</td>
<td>2</td>
<td>Corrected formatting</td>
<td>all</td>
<td>Thomas Araneo (Senior Credit Analyst)</td>
</tr>
<tr>
<td>4/1/2016</td>
<td>1</td>
<td>Annual Review process and conversion to new format; annual review as well as realigning and combine sections to be consistent with new format. Risk Appetite has been added to sections 4 and 5 Risk Management Framework has been added CFO general responsibilities have been added</td>
<td>4.2, 4.6 and 5.2</td>
<td>Thomas Araneo (Senior Credit Analyst)</td>
</tr>
<tr>
<td>6/30/2016</td>
<td>3</td>
<td>Chairperson definition was added and Hedge Transaction definition was modified General Responsibilities of the ERMC, Chairperson, Members, and CRO were modified Chairperson will be determined on a rotational basis among the ERMC Members</td>
<td>2, 3, 4.1</td>
<td>Thomas Ho (Senior Director)</td>
</tr>
</tbody>
</table>
1 PURPOSE

The Executive Risk Management Committee (ERMC) is hereby established by the Board of Trustees to provide Risk Management oversight in accordance with the requirements of the New York Power Authority (the Authority) Company Policy 2-15 – Risk Management.

The Board of Trustees herein delegates to the ERMC the authority to:

a. Establish and assess the Authority’s Risk Profile and Risk Appetite
b. Assign risk sponsors the authority to pursue risk mitigation strategies

2 INITIALISMS (ACRONYMS) AND DEFINITIONS

CEO – Chief Executive Officer
CFO – Chief Financial Officer
Chairperson – Individual that presides over the ERMC Meeting
CME – Chicago Mercantile Exchange
Counterparty - An entity that has an executed, active master agreement with the Authority and is approved to participate in commodity related hedging activities.
CRO – Chief Risk Officer
EMC – Executive Management Committee
ERMC – Executive Risk Management Committee
Hedge Transaction – A transaction between NYPA and a Counterparty or a transaction cleared using CME or ICE which will therefore define the price of commodities for future delivery of a specified quantity against the expected output of NYPA’s generating units.
ICE – Intercontinental Exchange
Risk – Any triggering event, action or inaction which is likely to prevent the Authority from achieving its goals and objectives (directly or indirectly).
Risk Appetite – The amount of risk the Authority is willing to accept in pursuit of our mission. Strategic risk-taking can help achieve business objectives while maintaining adherence to organizational values and purpose.
Risk Management – An integrated approach to identifying, assessing and addressing areas of uncertainty that could materially impair or enhance the achievement of the Authority’s mission and objectives.
Risk Management Framework – A structured process that provides the foundation and organizational resources for designing, implementing, monitoring, reviewing and continually improving risk management throughout the organization.

Risk Profile – The portfolio of risks across the enterprise.

Risk Response – Action or measure taken in advance of, or after, a risk occurs aimed at achieving the Authority’s mission and objectives.

3 GENERAL RESPONSIBILITIES

3.1 The ERMC’s general responsibilities include:

a. Provide oversight and guidance on the Authority’s Risk Management practices in accordance with the requirements of Company Policy 2-15 – Risk Management
b. Establish the Authority’s Risk Profile and Risk Appetite
c. Review and monitor the Authority’s top Enterprise risks
d. Identify emerging risks and ensure effective and timely implementation of actions
e. Review and monitor financial and other risk exposures, including credit, market, fiduciary, liquidity, reputational, operational, fraud, technological and strategic
f. Authorize a program for energy commodity risk management, which may include the use of commodity Hedge Transactions utilizing both physical and financial instruments.

3.2 The Chairperson’s general responsibilities include:

a. Direct and lead discussions on the most relevant risk topics at each meeting
b. Provide guidance and leadership to any Risk Response activities

3.3 The member’s general responsibilities include:

a. Identify and escalate new internal or external risks that may have an impact to NYPA
b. Provide support and input on the risk topics discussed at each meeting

3.4 The CRO’s general responsibilities, as they pertain to the ERMC, are as follows:

a. Provide all necessary administrative support for the conduct of the ERMC meetings
b. Advise the CEO, Board and other members of the committee as well as business units within NYPA on potential risks

c. Develop and communicate the Authority’s Risk Management Framework

d. Consult on strategic management process

e. Develop Risk Management procedures

f. Work with business units and ERMC to monitor and manage risks

g. Provide updates to the ERMC, EMC and NYPA’s Board of Trustees

### 4 COMMITTEE COMPOSITION

#### 4.1 The ERMC shall consist of a minimum of five (5) voting members, with a rotating Chairperson amongst the Voting Members as shown below. The Voting Members are appointed at the sole discretion by the President and CEO of the Authority with the latest Voting Members list posted on LiveLink under the document (ERMC Voting Members list).

#### 4.1.1 Voting Members as of the publication date consist of the following:

1. Chief Financial Officer
2. Chief Commercial Officer
3. Chief Operating Officer
4. General Counsel
5. Chief Information Officer

#### 4.2 The CRO is a de facto, non-voting, member of the ERMC.

#### 4.3 The business unit leads of Internal Audit, the Controller’s Office, and the Treasury group have a standing invitation to attend ERMC meetings but such attendance does not constitute ERMC membership or voting rights. Furthermore, at the request of the Voting Members; other officers, employees, or consultants to the Authority may attend the meeting.

### 5 APPROVAL PROCESS

#### 5.1 ERMC business shall only be conducted during an ERMC meeting.

#### 5.2 An ERMC meeting quorum shall consist of any three (3) members including the chairperson; participation may be in-person, by video link or by telephone when reasonable assurance is provided of the identity and ability of such members to participate in the meeting discussion.
5.3 Voting on ERMC matters shall be on a one member-one vote basis. When a quorum is present, the vote of a majority of the ERMC members shall constitute the action or decision of the ERMC.

6 RECORDS
The minutes for all ERMC meetings shall be recorded and motioned for approval at the next regularly scheduled meeting. All approved ERMC minutes are retained in the Records Management System, available to all NYPA employees and available to the public pursuant to a formal request process.

7 COMMUNICATIONS
7.1 At the direction of the Chairperson and/or CRO, members of the Risk Management Department shall coordinate the meeting of the ERMC, including maintaining the schedule, agenda and minutes.
7.2 The ERMC shall meet monthly and/or as determined necessary by the Chairperson and/or CRO.
7.3 Except in the case of an emergency, the notice period for a meeting in person shall be at least ten business days prior to the date of such meeting.

8 MEETING SCHEDULE
8.1 This document must be reviewed and approved annually or as business needs require.
8.2 The ERMC shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Audit Committee for their approval as well as approval by the Board of Trustees.
8.3 Records will be retained in accordance with the Authority’s approved records retention schedules and/or in compliance with all applicable legal requirements pertaining to the Authority.

9 CHARTER REVIEW
9.1 Company Policy 2-15 – Risk Management
9.2 Procedure for Energy Commodity & Credit Risk Management
<table>
<thead>
<tr>
<th>Revision Date (For BCG Use Only)</th>
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1 PURPOSE

The Executive Risk Management Committee (ERMC) is hereby established by the Board of Trustees to provide Risk Management oversight in accordance with the requirements of the New York Power Authority (the Authority) Company Policy 2-15 – Risk Management.

The Board of Trustees herein delegates to the ERMC the authority to:

a. Establish and assess the Authority’s Risk Profile and Risk Appetite
b. Assign risk sponsors the authority to pursue risk mitigation strategies, which could include entering into Hedge Transactions, to remain within the Authority’s established Risk Appetite.

2 INITIALISMS (ACRONYMS) AND DEFINITIONS

CEO – Chief Executive Officer
CFO – Chief Financial Officer
Chairperson – Individual that presides over the ERMC Meeting
CME – Chicago Mercantile Exchange
Counterparty - An entity that has an executed, active master agreement with the Authority and is approved to participate in commodity related hedging activities.
CRO – Chief Risk Officer
EMC – Executive Management Committee
ERMC – Executive Risk Management Committee
Hedge Transaction – A transaction between NYPA and a Counterparty or a transaction cleared using CME or ICE which will therefore define the price of commodities for future delivery of a specified quantity against the expected output of NYPA’s generating units.
ICE – Intercontinental Exchange
Risk – Any triggering event, action or inaction which is likely to prevent the Authority from achieving its goals and objectives (directly or indirectly).
Risk Appetite – The amount of risk the Authority is willing to accept in pursuit of our mission. Strategic risk-taking can help achieve business objectives while maintaining adherence to organizational values and purpose.
Risk Management – An integrated approach to identifying, assessing and addressing areas of uncertainty that could materially impair or enhance the achievement of the Authority’s mission and objectives.
Risk Management Framework – A structured process that provides the foundation and organizational resources for designing, implementing, monitoring, reviewing and continually improving risk management throughout the organization.
Risk Profile – The portfolio of risks across the enterprise.
Risk Response – Action or measure taken in advance of, or after, a risk occurs aimed at achieving the Authority’s mission and objectives.

3 GENERAL RESPONSIBILITIES

3.1 The ERMC’s general responsibilities include:
   a. Provide oversight and guidance on the Authority’s Risk Management practices in accordance with the requirements of Company Policy 2-15 – Risk Management
   b. Establish the Authority’s Risk Profile and Risk Appetite
   c. Review and monitor the Authority’s top Enterprise risks
   d. Identify emerging risks and ensure effective and timely implementation of actions
   e. Review and monitor financial and other risk exposures, including credit, market, fiduciary, liquidity, reputational, operational, fraud, technological and strategic
   f. Authorize a program for energy commodity risk management, which may include the use of commodity Hedge Transactions utilizing both physical and financial instruments.
   g. Approve new products not specifically listed in Procedure for Energy Commodity & Credit Risk Management
   h. Ensure assigned risk sponsors have ERMC approval, which provides the necessary permission to commit the Authority to terms necessary for the conduct of its business within its established Risk Appetite

3.2 The Chairperson’s general responsibilities include:
   a. Direct and lead discussions on the most relevant risk topics at each meeting
   b. Provide guidance and leadership to any Risk Response activities

3.3 The member’s general responsibilities include:
   a. Identify and escalate new internal or external risks that may have an impact to NYPA
   b. Provide support and input on the risk topics discussed at each meeting

3.4 The CRO’s general responsibilities, as they pertain to the ERMC, are as follows:
   a. Provide all necessary administrative support for the conduct of the ERMC meetings
   b. Advise the CEO, Board and other members of the committee as well as business units within NYPA on potential risks
   c. Develop and communicate the Authority’s Risk Management Framework
   d. Consult on strategic management process
   e. Develop Risk Management procedures
   f. Work with business units and ERMC to monitor and manage risks
   g. Provide updates to the ERMC, EMC and NYPA’s Board of Trustees
COMMITTEE COMPOSITION

4.1 The ERMC shall consist of a minimum of five (5) voting members, with the CEO as its rotating Chairperson amongst the Voting Members as shown below. The Voting Members and a minimum of four (4) additional members are appointed at the sole discretion by the President and CEO of the Authority with the latest Voting Members list posted on LiveLink under the document (ERMC Voting Members list).

a. Voting Members as of the publication date consist of the following:
   1. Chief Financial Officer
   2. Chief Commercial Officer
   3. Chief Operating Officer
   4. General Counsel
   5. Chief Information Officer

3.2 The CRO is a de facto, non-voting, member of the ERMC.

3.3 The business unit leads of Internal Audit, the Controller’s Office and the Treasury group and Wholesale Commercial Operations each have a standing invitation to attend ERMC meetings but such attendance does not constitute ERMC membership or voting rights. Furthermore, at the request of the Voting Members; other officers, employees, or consultants to the Authority may attend the meeting.

4 AUTHORITY

The ERMC is authorized to:

4.1 Provide oversight and guidance to management on all the Authority’s Risk Management in accordance with the requirements of Company Policy 2-15—Risk Management.

4.2 Establish and assess the Authority’s Risk Profile and Risk Appetite.

4.3 Ensure that assigned risk owners have ERMC approval which gives them the authority to support Risk Response plans.

4.4 Authorize a program for energy commodity and credit risk management which may include the use of commodity hedge transactions utilizing both physical and financial instruments.

4.5 Delegate to approved personnel the necessary permission to commit the Authority to the terms of physical and financial derivative transactions necessary for the conduct of its business within its established Risk Appetite.
5. GENERAL RESPONSIBILITIES

5.1 The ERMC’s general responsibilities are as follows:
   a. May request any other officer, employee, or consultant to the Authority to meet with any members of, or consultant to, the committee
   b. May request Authority personnel to prepare Risk Response strategies such as Hedge Transactions to be presented to the committee for review, approval and execution as outlined in related procedures or as otherwise requested by members of the committee.
   c. Approve Risk Appetite

5.2 The CFO’s general responsibilities, as they pertain to the ERMC, are as follows:
   a. Chair all ERMC meetings or delegate that responsibility to another member
   b. Provide guidance as it pertains to the Risk Appetite

5.3 The CRO’s general responsibilities, as they pertain to the ERMC, are as follows:
   a. Provide all necessary administrative support for the conduct of the ERMC meetings
   b. Advise the CEO, Board and other members of the committee as well as business units within NYPA on potential risks
   c. Develop and communicate the Authority’s Risk Management Framework
   d. Consult on strategic management process
   e. Develop Risk Management procedures
   f. Work with business units and ERMC to monitor and manage risks
   g. Provide updates to the ERMC, EMC and NYPA’s Board of Trustees

6. APPROVAL PROCESS

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6.2 An ERMC meeting quorum shall consist of any three (3) members including the chairperson; participation may be in-person, by video link or by telephone when reasonable assurance is provided of the identity and ability of such members to participate in the meeting discussion.

6.3 Voting on ERMC matters shall be on a one member-one vote basis. When a quorum is present, the vote of a majority of the ERMC members shall constitute the action or decision of the ERMC.

7. RECORDS

The minutes for all ERMC meetings shall be recorded and motioned for approval at the next regularly scheduled meeting. All approved ERMC minutes are retained in the Records Management System, available to all NYPA employees and available to the public pursuant to a formal request process.
87  COMMUNICATIONS

8.1 All ERMC meeting schedules shall be coordinated with the Chairperson.

8.27.1 At the direction of the CFO Chairperson and/or CRO, members of the Risk Management Department shall coordinate the meeting of the ERMC, including maintaining the schedule, agenda and minutes.

7.28.3 The ERMC shall meet monthly and/or as determined necessary by the CFO Chairperson and/or CRO.

7.38.4 Except in the case of an emergency, the notice period for a meeting in person shall be at least ten business days prior to the date of such meeting.

98  MEETING SCHEDULE

9.18.1 This document must be reviewed and approved annually or as business needs require.

98.2 The ERMC shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Audit Committee for their approval as well as approval by the Board of Trustees.

89.3 Records will be retained in accordance with the Authority’s approved records retention schedules and/or in compliance with all applicable legal requirements pertaining to the Authority.

109  CHARTER REVIEW

109.1 Company Policy 2-15 – Risk Management

910.2 Procedure for Energy Commodity & Credit Risk Management