

Minutes of the Meeting of the Northern New York Power Proceeds Allocation Board held via video conference in Massena, New York.

Board Members Present:

Patrick Kelly (Chair)
Theresa Phalon
Robert McNeil
Roger Sharlow

NYPA Staff Present:

Gil Quiniones	President & CEO (<i>via video in White Plains</i>)
Justin Driscoll	EVP & General Counsel (<i>via video in White Plains</i>)
Karen Delince	Corporate Secretary (<i>via video in White Plains</i>)
Joseph Gryzlo	VP & Chief Ethics & Compliance Officer (<i>via video in White Plains</i>)
Keith Hayes	Vice President – Marketing (<i>via video in White Plains</i>)
Vincent Esposito	Assistant General Counsel Commercial Operations & Legislative Affairs (<i>via video in Albany</i>)
Patricia Wilson	Northern New York Project Manager
Richard Smith	Business & Project Development Director
Valerie Venuti	Administrative Assistant, Power, Transmission & Regulatory (<i>via video in White Plains</i>)

Opening Remarks

Chairman Kelly welcomed members of the Board, the staff of North County Regional Economic Development Council, and the staff of the New York Power Authority ("NYPA"). He stated that this meeting of the Board had been duly noticed as required by the Open Meetings law. The meeting was called to order at 2:00 p.m.

1. **Adoption of the January 25, 2017 Proposed Meeting Agenda**

Member McNeil made a motion to adopt the **January 25, 2017** meeting agenda. The motion was seconded by member Phalon. The agenda was unanimously adopted.

Conflicts of Interest

Chairman Kelly stated that members had been polled prior to the meeting regarding possible conflicts of interest and all indicated they did not have any conflicts.

2. Overview of Act – Vincent Esposito

Mr. Esposito, Assistant General Counsel, Commercial Operations, explained that the fund benefits are generated from the New York Power Authority's sale of hydropower. The Authority sells the unallocated power into the energy market, and then the proceeds are deposited into the Northern New York Proceeds fund.

Under the Act, there are two responsibilities that are assigned – one to the allocation board; and the other to the NYPA Trustees. The allocation board oversees the application process, making specific recommendations, with respect to eligibility of the applicant; and eligibility of the proposed project. Also, taken in consideration, is whether the project contains economic development activity (excluding retail businesses.) The definition of a retail business will be re-visited later in the meeting.

In determining eligibility, the Board relies on information and recommendations provided by NYPA Staff. A positive recommendation will be redirected to the Trustees for consideration in granting an award benefit.

Mr. Esposito also offered that the NYPA Law Department provides legal services to the Board; and members should not hesitate to reach out with any questions.

3. Board Procedures and policies for Review of Fund Benefits Applications – Keith Hayes

Mr. Hayes, Vice President, Economic Development, reviewed the highlights of the board procedures and policies, particularly evaluating an application against the statutory criteria; and then making a recommendation to the Trustees.

Statutory criteria used to appraise an application for an award consists of: whether an (eligible) project would proceed in the absence of a fund benefit award; the degree in which an award would result in new capital investment in the state; other assistance the applicant may receive; the type and cost of buildings, equipment and facilities to be assembled, and any additions or modifications relating to such structures. Also taken into consideration as part of the criteria: the (eligible) applicant payroll, benefits and number of jobs created or retained within St. Lawrence County (and any other part of the state); whether the applicant is at risk of closing or relocating away from St. Lawrence County; economic impact of the area; and whether the applicant would invest in energy efficiency are The Board may deliberate as to whether the fund benefit award is consistent with the strategies and priorities of the North County Regional Economic Development Council (NCREDC).

The aforementioned strategies encompass the support for growth of advanced manufacturing, leveraging the north country gateway (to Canada) as a trading partner, attracting entrepreneurs and increasing small business start-ups; investing in the region's agricultural assets, and finally, growing regional tourism.

It is up to the discretion of the NYPA Board of Trustees to accept a recommendation or grant a fund benefit award in a different amount than initially proposed.

4. Definition of Retail Business

Retail business, as defined by the Board: is a business used primarily in making retail sales of goods or services to customers who personally visit such facilities to obtain goods or services.

5. Application of Fund Benefits and Preliminary Project Information Worksheet (Patricia Wilson)

Applications, under the Northern New York Power Proceeds Allocation Act, must be approved by the Board. Applications will contain detailed information regarding the applicant, the alignment of proposed project with the strategies and priorities of the NCREDC, and the funding track.

The funding tracks are separated in general categories, based on statutory criteria; and also allows the applicants to provide information in response to certain questions. Funding tracks are comprised of the following: business investment; innovation, entrepreneur and development; training and workforce; tourism and marketing; and agricultural investment. One other track is allotted for projects that do not fit into the other categories, but can be defined as energy-related projects or research and development projects.

6. Northern New York Power Proceeds Allocation Board Bylaws (Karen Delince)

Ms. Delince, Vice President and Corporate Secretary, expressed that Bylaws are designed as a tool for the operation and management of a Board. These basic principles, she explained, ensure stability and structure. In more detail, the (proposed) Bylaws will incorporate the following: the location of the principal office (St. Lawrence Power Project); the Authority's White Plains Office, where all records will be retained; membership information (number, terms, Governor's appointments, and residency requirements); the designation of the chair; powers and duties and the number of meetings.

The Board is required to meet at a minimum twice a year, by law; however the schedule of meetings to be adopted, consists of five meetings.

The Bylaws cover a wide scope of items such as limitations with respect to who may call for a special meeting; a quorum, which is defined as three board members; specifying the duties for the Secretary and the Chair; execution of documents, including the ability to amend the Bylaws.

7. Standards of Conduct and Conflicts Policy (Joseph Gryzlo)

Mr. Gryzlo, Vice President and Chief Ethics and Compliance Officer, identified the objective of the procedures, which is to protect board members from potential violations, which are described in section 74 of the Public Officer's Law.

The procedures contain three key elements. First, the standards of conduct; second, the guidelines regarding lobbying contacts; and last, conflicts of interest (which should be avoided by board members while executing their public duties.) Another item of note, is to keep professional and personal lives separate from public duty.

The lobbying contacts element addresses the instance where a board member may be contacted regarding fund benefit awards, or representation on behalf of a company; for which all correspondence should be directed to Karen Delince.

The conflicts of interest section was created to shield members from apparent conflicts that may arise with an application or recommendation for a benefit award.

The certification document asks all board members to acknowledge that they have read the procedures, will follow them; and will disclose any conflicts of interest, going forward.

8. Designation of NYPA Economic Development Manager, North Country to Act on NYPPAB's Behalf on Administrative Matters

Chairman Kelly read the act, which highlights that NYPA will provide assistance and information to board members. For administrative matters, the act designates the New York Power Authority Economic Development Program Manager (North Country) to act on behalf of the Board. This includes establishing a pre-application process; facilitating the formal application process, handling communications, and processing board decisions.

9. Adoption of the 2017 Proposed Schedule of Meetings

Upon motion made by member Sharlow and seconded by member Phalon, the Board adopted the following 2017 meeting schedule:

04-21-17: 2:00 pm at St. Lawrence

06-14-17: 2:00 pm at St. Lawrence

08-03-17: 2:00 pm at St. Lawrence

10-11-17: 2:00 pm at St. Lawrence

10. Fund Balance Update

Richard Smith submitted the following Northern New York Fund Update report:

The New York Economic Development Fund is comprised of excess revenue, obtained from the sale of St. Lawrence County power (in the wholesale market) generated at the St. Lawrence Power Project. The act requires quarterly deposits into the fund of net earnings, with a minimum of 15 percent of benefit awards dedicated to energy-related projects.

Northern New York Economic Development Fund Update¹		<i>As of</i> December-16
The Fund		
<i>this</i>	Total Deposits to the Fund to Date:	\$2,103,000
<i>plus</i>	Total Interest Earned on Deposits to Date:	\$4,283
=	Total Funds Deposited:	\$2,107,283
Expenditures		
<i>this</i>	Total Funds Deposited:	\$2,107,283
	Total Administrative Expenses Withdrawn:	\$0
	Disbursements to Grantees:	\$0
<i>plus</i>	Total Expenditures:	\$0
=	Current Fund Balance:	\$2,107,283
Awards		
<i>this</i>	Total Funds Deposited:	\$2,107,283
	Standard Projects:	\$0
	Energy Related Projects ² :	\$0
<i>minus</i>	Total Fund Benefits Awarded³:	\$0
=	Total Fund Benefits Available to be awarded by the NNYPPAB⁴:	\$2,107,283
Energy-Related Projects		
<i>this</i>	Minimum Amount (15%) of the Fund Dedicated to Energy-Related Projects:	\$315,450
<i>minus</i>	Total Awards (0%) Made for Energy-Related Projects to Date (not including today):	\$0
=	Fund Benefits Currently Available to be Awarded for Energy-Related Projects Only:	\$315,450
Today's Recommendations		
<i>this</i>	Standard Projects:	\$0
<i>plus</i>	Energy-Related Projects or Project Components:	\$0
=	0 Total Recommendations Before the NNYPPAB Today:	\$0
St. Lawrence County Economic Development Power ("SLCEDP")		
Total Estimated Unallocated SLCEDP Available to Generate Net (MW)⁵:		20

¹ The "Fund", known as the "Northern 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 unallocated St. Lawrence County Economic Development Power ("SLCEDP") produced at NYPA's St. Lawrence-FDR 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 the Town of Massena Electric Department for Economic Development Purposes.

² As defined by the Northern 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 § 197-a(7), "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 NNYPPAB 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 Deposited minus the sum of Total Fund Benefits Awarded and Total Administrative Expenses Withdrawn.

⁵ Unutilized St. Lawrence County Economic Development Power ("SLCEDP") consists of an estimate of unallocated hydro power. For the first five years following the effective date, the amount of SLCEDP used to generate excess earnings shall be the lesser of 20 MW or the amount of SLCEDP that has not been allocated. Beginning five years from the effective date, the amount of SLCEDP used to generate excess earnings shall be the lesser of 10 MW or the amount of SLCEDP that has not been allocated.

NNYEDF Awards by County ⁶

County	Company
(blank)	(blank)
(blank) Total	
Grand Total	

⁶ The companies in this list are the applicants to the Fund whose proposed projects were recommended for an award of Fund Benefits by the NNYPPAB.

⁷ The "Energy Projects (\$)" amount represents the estimated portion of each award that the NNYPPAB considers to be an "energy-related project" as defined by the Northern New York Power Proceeds Allocation Act and in accordance with EDL § 197-a(7) (see footnote 2 above for more detail).

Member McNeil inquired as to how the fund is generated, referencing footnote number five.)

Mr. Smith explained that the first five years retains 20 megawatts, and then is decreased to 10 megawatts of power.

Chairman Kelly asked what the effective date was; and to which Mr. Smith directed the question to Vince Esposito, who confirmed the end of 2014, as the date. Chairman Kelly further inquired what the two million represents. To this inquiry, Mr. Smith replied that it denotes activity from 2014, 2015 and 2016. Mr. Esposito offered that NYPA has been making deposits into the fund, since the effective date.

Chairman Kelly thanked Mr. Smith for the report.

11. Next Meeting and Adjournment

Chairman Kelly stated that the next meeting of the Board is scheduled for April 12, 2017. He stated that if members have no additional business, he would entertain a motion to adjourn.

Upon motion, duly made and seconded, the meeting was adjourned at 2:43 p.m.