1. Adoption of the July 28, 2020 Proposed Meeting Agenda

2. Motion to Conduct an Executive Session

3. Motion to Resume Meeting in Open Session

4. DISCUSSION AGENDA:
   a. Strategic Initiatives
      i. President and Chief Executive Officer’s Report -- (Gil Quiniones)
         1. COVID-19 Update
         2. NYPA's Commitment to Racial Justice and Equity
            a. Special Guest Paula Glover, President American Association of Blacks in Energy
         3. AREGCBA Legislation and Priority Transmission Projects -- (Kim Harriman/Girish Behal)
   b. Chief Operations Officer’s Report -- (Joseph Kessler)
   c. Chief Commercial Officer’s Report -- (Sarah Salati)
   d. Chief Financial Officer’s Report -- (Adam Barsky)
   e. Finance Committee Report (Chair Tracy McKibben)
      i. Financial Operations
         1. Actions in Support of the Authority’s Customer Energy Efficiency Programs:
      ii. Utility Operations
1. St. Lawrence-FDR Power Project – Replacement of Plattsburgh Autotransformer No.1 – Capital Expenditure Authorization Request and Contract Award – Resolution (Joseph Kessler)

2. St. Lawrence-FDR Power Project – Replacement of Robert Moses Autotransformer No. 2 – Capital Expenditure Authorization Request -- Resolution (Joseph Kessler)

3. Niagara Power Project – Next Generation Niagara Program Mechanical and Electrical Upgrades – Wicket Gate Procurement – Contract Award -- Resolution (Joseph Kessler)

iii. Commercial Operations

1. NYISO Public Policy AC Transmission Proceeding – Request to Acquire an Ownership Stake (Sarah Salati)

2. Port Authority of New York and New Jersey Power Purchase Agreements - John F. Kennedy International Airport – Resolution (Evan Kolkos)

iv. Digital Transformation Office

1. Energy & Environmental Policy Development, Analysis and Strategic Planning – Authorization to Award Master Services Agreement Contracts for the Executive Office – Resolution (Daniella Piper)

f. Audit Committee Report (Chair Eugene Nicandri)

i. Approval of the New York Power Authority and Canal Corporation Audit Committee Charters -- Resolution (Angela Gonzalez)

ii. Approval of New York Power Authority Internal Audit Charter – Resolution (Angela Gonzalez)

g. Cyber and Physical Security Committee Report (Chair Michael Balboni)

5. CONSENT AGENDA:

a. Commercial Operations

i. Expansion Power Allocation -- Resolution (Keith Hayes)

ii. Recharge New York Power – New, Extended, and Modified Allocations -- Resolution (Keith Hayes)
iii. Preservation Power Allocation Extension and Notice of Public Hearing -- Resolution (Keith Hayes)

iv. Extension of the Industrial Incentive Award to Pratt Paper (NY), Inc. and Economic Development Plan -- Resolution (Keith Hayes)

v. Recommendations for Awards of Fund Benefits from the Western New York Economic Development Fund by the Western New York Power Proceeds Allocation Board -- Resolution (Keith Hayes)

vi. Award of Fund Benefits from the Northern New York Economic Development Fund Recommended by the Northern New York Power Proceeds Allocation Board -- Resolution (Keith Hayes)

b. Procurement (Services) Contracts

i. Procurement (Services) and Other Contracts – Business Units and Facilities – Awards, Extensions, and/or Additional Funding -- Resolution (John Canale)

c. Utility Operations

i. Long-term Operations Agreement for the Discover Niagara Shuttle Service -- Resolution (Joseph Leary / Lou Paonessa)

d. Canal Corporation

i. Procurement (Services) Contract – Construction of the Canalway Trail Mohawk to Ilion – Contract Award -- Resolution (John Canale)

e. Governance Matters

i. Minutes of the Regular Joint Meeting of the New York Power Authority’s Trustees and Canal Corporation’s Board of Directors held on May 19, 2020

6. Next Meeting
July 28, 2020

Motion to Conduct an Executive Session

I move that we conduct an executive session to discuss the financial and credit history of a particular corporation and matters regarding public safety and security. (pursuant to §105 of the Public Officers Law).
July 28, 2020

Motion to Resume Meeting in Open Session

I move to resume the meeting in Open Session.
President and Chief Executive Officer’s Report

Gil Quiniones
President & Chief Executive Officer

July 28, 2020
COVID-19 Update
COVID-19 Update - Task Force

Transitioned from Incident Command Structure (ICS) to Task Force model

- Coordinating and monitoring all on-going COVID-19 response activities
- Removing obstacles for program managers
- Providing updates and transparent communications to leadership & employees

Note that the ICS structure will be re-established as needed.
COVID-19 Update - Monitoring the Workplace & Preparedness for 2\textsuperscript{nd} Wave

1. Continue to monitor the health of our employees and the spread of COVID19 in the workplace and the communities where our facilities are located.

2. Developed a Second Wave Readiness Plan for the following modes - Minor Incident, Major Incident, and Full Response modes.


5. Additional steps in progress to ensure staff and community are safe in the workplace and at visitor centers:
   - Installation of UV treatment and MERV filtration for HVAC systems, starting with WPO office and the control rooms at the NYPA / Canals facilities
   - Installation of touchless temperature scanners at visitor centers, improving efficiency and safety.
   - Secures stock or PPE equipment for the long term.

6. Continue to provide the Remote Workforce with frequent updates and tools to aid wellness and productivity – e.g. monitors, headsets etc., Headspace App launch

7. Drafted a Pandemic Manual, detailing NYPA / Canals emergency response to COVID-19 both before and following the official declaration of the pandemic.
Total Capital Plan Summary (Construction & Non-Construction Efforts)

- **Canals**
  - Original Budget: $47M
  - Current Forecast: $70M

- **Energy Efficiency**
  - Original Budget: $251M
  - Current Forecast: $257M

- **Operations/HQ**
  - Original Budget: $349M
  - Current Forecast: $537M

- **Total Capital**
  - Original Budget: $648M
  - Current Forecast: $865M

---

Construction Unpausing Status (Entire Organization)

Current plan following COVID impact is to Restart Construction on **292** Projects valued at **$492M**

- **202** Projects valued at **$458M** are now Approved for Restart (Revised EH&S Plans, Comms Completed, etc.)

- **60** Projects valued at **$267M** have Restarted and are in Active Construction

100% Goal

93% Complete

54% Complete
NYPA’s Commitment to Addressing Racial Justice and Equity
The gap between the finances of Blacks and Whites is still as wide in 2020 as it was in 1968

- The historical data reveal that no progress has been made in reducing income and wealth inequalities between Black and White households over the past 70 years
- The typical Black household headed by someone with an advanced degree has less wealth than a White household with only a high school diploma
- The wealth gap is even more pronounced among less-educated Americans. A White household whose head has only a high school diploma has almost 10 times the wealth of a Black family with the same education. The fact that Black families start off with so much less wealth makes it difficult to catch up, research has found

Source: The Washington Post

White wealth surges; black wealth stagnates
Median household wealth, adjusted for inflation

• White
  - $149,703 in 2016
• Black
  - $13,024

Source: Historical Survey of Consumer Finances via Federal Reserve Bank of Minneapolis and University of Bonn economists Moritz Kuhn, Moritz Schularick and Ulrike I. Steins
THE WASHINGTON POST
Impact on Upward Mobility

% of poor children that will reach the middle class or better as adults

<table>
<thead>
<tr>
<th></th>
<th>Asian-American</th>
<th>White</th>
<th>Hispanic</th>
<th>Native American</th>
<th>African-American</th>
</tr>
</thead>
<tbody>
<tr>
<td>64</td>
<td>47</td>
<td>46</td>
<td>26</td>
<td>25</td>
<td></td>
</tr>
</tbody>
</table>


Source: McKinsey

• According to McKinsey, the persistent wealth gap between White and Black families creates two negative impacts:
  
  1. **Human Impact**: Economic mobility is not equally distributed and is particularly difficult for Black Americans
  
  2. **Economic Impact**: The racial wealth gap constrains the U.S. economy, leading to up to $1.5 trillion in lost economic output

• By closing the racial wealth gap, U.S. GDP could be 4 to 6 percent higher by 2028

• A heterogeneous workforce yields more innovation and better performance than a homogeneous one does
The challenges faced by the Black population is compounded by the impact of COVID-19 and systemic racism

Systemic Racism

Black men are 2.5 times more likely than White men to be killed by police during their lifetime. And in another study, Black people who were fatally shot by police seemed to be twice as likely as White people to be unarmed.

Mental health research has demonstrated a causal link between experienced racial discrimination and adverse mental health outcomes.

Perceived racism and discrimination, either overt or covert (microaggression) or in the forms of implicit bias have been associated with depression, anxiety, increased substance abuse, feelings of hopelessness and suicide ideation in Black adults and youths.

COVID-19 Racial Disparities

Black and Latino people have been disproportionately affected by the coronavirus in a widespread manner that spans the country, throughout hundreds of counties in urban, suburban and rural areas, and across all age groups.

Latino and African-American residents of the United States have been 3X as likely to become infected as their White neighbors, according to the new data, which provides detailed characteristics of 640,000 infections detected in nearly 1,000 U.S. counties.

Black and Latino people have been nearly twice as likely to die from the virus as White people, the data shows.

Source: Nature; American Psychiatric Association

Source: The New York Times
NYP A & Canals vs. New York State (NYS) Demographics

NYS Population (All)

- White: 60%
- Black or African American: 15%
- Hispanic: 18%
- Asian*: 7%

NYP A & Canals

- White: 81%
- Hispanic: 6%
- Asian*: 8%
- Black or African American: 5%

Source: Comparison of New York State Populations by Race and Ethnicity, 2010.
NYPA’s Diversity, Equity and Inclusion (DEI) Program

The Office of Civil Rights and Inclusion, established in 2017, initially focused on employee engagement around DEI in order to build a critical mass of ambassadors as a precursor to successfully embed future DEI programs.

The Program aligns with industry best practices with focus on:

<table>
<thead>
<tr>
<th>Build an Inclusive Workforce</th>
<th>Leadership Accountability</th>
<th>Recruitment and Development</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Created six Employee Resource Groups (ERG) sponsored by EMC</td>
<td>• Hosted senior leadership briefings and training on DEI</td>
<td>• Partnered with Recruitment /HR to develop programs</td>
</tr>
<tr>
<td>• 369 core ERG members</td>
<td>• Consulted DEI experts in the field</td>
<td>• Partnered with Environmental Justice &amp; Sustainability on mentorship program</td>
</tr>
<tr>
<td>• Coordinated 40 ERG events with attendance of over 1,000 employees each year</td>
<td>• Demonstrated leadership commitment to DEI through actions</td>
<td>• Trained over 2,000 Canals and NYPA staff on DEI</td>
</tr>
<tr>
<td>• Quarterly ERG leadership meetings and trainings</td>
<td>• Conducted formal and informal surveys</td>
<td>• Partnered with Corporate Communications on DEI messaging</td>
</tr>
</tbody>
</table>
**NYPA’s Commitment to Racial Justice and Equity**

Maximizing the human potential of everyone in the workplace

<table>
<thead>
<tr>
<th>Internal Facing</th>
<th>External Facing</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Reaffirm NYPA’s commitment to building and maintaining a diverse, equitable and inclusive culture.</td>
<td>8. Leverage NYPA’s experience, resources and purchasing power to build capacity and access to MWBE firms.</td>
</tr>
<tr>
<td>2. Ensure that our processes, policies and procedures are transparent and free from bias.</td>
<td>9. Broaden our community-based STEM, student internship and mentorship programs to increase the pipeline of utility and clean energy workers of tomorrow – including the creation of a targeted college scholarship program.</td>
</tr>
<tr>
<td>3. Expand ongoing training to our employees on antiracism, unconscious bias, microaggression, and cultural competency.</td>
<td>10. Create an enterprise wide employee service program dedicated to understanding racial justice through our clean energy business (e.g. community solar) and energy sustainability work in environmental justice communities.</td>
</tr>
<tr>
<td>4. Create a Chief Diversity, Inclusion and Equity Officer position, reporting to the President and CEO and to the Chief Human Resources and Administration Officer – and increase investment in the office of Civil Rights and Inclusion.</td>
<td></td>
</tr>
<tr>
<td>5. Invest in our Black employees and create pathways for career development and upward mobility.</td>
<td></td>
</tr>
<tr>
<td>6. Cast a wider net and secure a diverse slate of applicants for vacancies by partnering with professional organizations such as the American Association of Blacks in Energy, Historically Black Colleges and Universities and local and national colleges and universities.</td>
<td></td>
</tr>
<tr>
<td>7. Partner and support our employee unions at the national, regional and local levels and invest in their diversity, equity and inclusion programs and initiatives.</td>
<td></td>
</tr>
</tbody>
</table>
NYPAr’s Commitment to Racial Justice and Equity

Next Steps

1. Partner and collaborate with the American Association of Blacks in Energy (AABE) and develop specific deliverables and desired outcomes by September 2020.

2. Form teams to operationalize (plans, process, metrics, reports, etc) each of the 10 initial commitments.

3. Report progress and status at future meetings of the Governance Committee of the Board of Trustees.
Appendix
Diversity, Equity and Inclusion Steering Committee

- Gil Quiniones - President & CEO
- Justin Driscoll - EVP, General Counsel
- Joseph Kessler - EVP, Chief Operating Officer
- Kristine Pizzo - EVP, Chief HR & Administrative Officer

Diversity, Equity and Inclusion Working Group

- Debra Cartagena - Sr. Director Talent Acquisition
- Victoria Daniels - Manager Supplier Diversity
- Eric Firnstein - Labor Relations Manager & STL HR Manager
- Carol Geiger-Wank, Chief of Staff for COO & VP Labor Ops.
- Nancy Harvey - Dir. Office of Civil Rights and Inclusion
- Daniella Piper - VP Digital Transformation & Chief of Staff
- Simone Quartey - Civil Rights & Inclusion Specialist
- Lisa Wansley - VP Environmental Justice & Sustainability
The black-white wealth gap is as wide as in the 1960s

Median black household wealth as a percentage of median white household wealth

Source: Historical Survey of Consumer Finances via Minneapolis Fed and University of Bonn economists Moritz Kuhn, Moritz Schularick and Ulrike I. Steins

At every education level, black wealth lags

Median household wealth by race and education level, 2016

Source: Federal Reserve
THE WASHINGTON POST
Fewer than half of black adults are now employed

U.S. black employment as a share of the black adult population

Black small businesses hit twice as hard as white ones

U.S. small business owners and self-employed workers who weren’t working in April 2020, shown as a share of February’s total

Source: Labor Department data analyzed by Robert Fairlie of the University of California, Santa Cruz
THE WASHINGTON POST
The Washington Post – June 4, 2020

Consequences of the pandemic, by race or ethnicity
Average for three weeks from April 23 to May 21, 2020

Often/sometimes don't have food

Have lost income since March

Missed a mortgage payment

Missed a rent payment

Don't have insurance

Source: The Washington Post

Black Americans still earn less than they did in 2000
Change in median income since the year 2000, adjusted for inflation

White rose to $70,642 in 2018
Hispanic rose to $51,450
Black fell to $41,361

Note: Shown in constant 2018 dollars; methodology changed in 2013 and multiple values have been averaged within each year when available; the white category doesn't include those of Hispanic origin.
Source: Census Bureau

THE WASHINGTON POST
The Washington Post – June 4, 2020

Average cash on hand, 2016

Note: Includes checking and savings accounts, cash, prepaid cards and directly held stocks, bonds and mutual funds.

Source: Federal Reserve via Elise Gould and Valerie Wilson of the Economic Policy Institute
THE WASHINGTON POST

Black homeownership is in retreat

Homeownership rates by decade and race

Source: Census Bureau
THE WASHINGTON POST
Colleges are failing most black students

Share of students who graduate from four-year universities within six years, by year they entered college

Note: Asian includes Pacific Islanders
Source: National Center for Education Statistics

Source: The Washington Post
A wide and persistent wealth gap between white and black families creates two negative impacts

Median family wealth in 1982-2016 by ethnicity/race, $ thousand

1. Human Impact
   - Racial wealth gap puts downward pressure on socioeconomic mobility, disadvantaging black individuals, families, and communities

2. Economic Impact
   - Racial wealth gap also constrains the US economy as a whole

1. **Human impact**: Economic mobility is not equally distributed...

<table>
<thead>
<tr>
<th></th>
<th>Asian-American</th>
<th>White</th>
<th>Hispanic</th>
<th>Native American</th>
<th>African-American</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of poor children that will reach the middle class or better as adults</td>
<td>64</td>
<td>47</td>
<td>46</td>
<td>26</td>
<td>25</td>
</tr>
</tbody>
</table>

...and is particularly difficult for black Americans

- African-American boys have lower rates of upward mobility than white boys from families in the same census tract and with similar incomes.

- African-American children born in the top income quintile will remain there as adults compared to white children.

---


---

NY Power Authority | Canal Corporation
2. Economic impact: The racial wealth gap constrains the US economy as a whole, leading to up to $1.5 trillion in lost economic output.

Real GDP increase from closing racial wealth gap, $ trillion

By closing the racial wealth gap, US GDP could be 4 to 6 percent higher by 2028

11-12K
Increase in per capita GDP between 2018-2028, greater than any expansion in the last 30 years
The challenges facing black Americans have increased in the pandemic, with continued police brutality threatening black lives and livelihoods

<table>
<thead>
<tr>
<th>COVID-19 has exacerbated the challenges facing black Americans...</th>
<th>as has continued police brutality</th>
</tr>
</thead>
<tbody>
<tr>
<td>65% of Black Americans live in states with below median COVID-19 testing rates</td>
<td>2.5x lifetime risk that black men &amp; boys will be killed by police vs. white men &amp; boys</td>
</tr>
<tr>
<td>40% of the revenues of black-owned businesses are located in the five most vulnerable sectors due to the pandemic, compared with 25% of the revenues of all US businesses</td>
<td></td>
</tr>
<tr>
<td>7 M of jobs held by black workers (39% of all jobs held by black workers) are vulnerable as a result of the COVID-19 crisis compared with 34% for white workers</td>
<td></td>
</tr>
<tr>
<td>52% of black workers surveyed say the coronavirus outbreak is a major threat to their personal financial situation, compared to 43% of white respondents</td>
<td></td>
</tr>
</tbody>
</table>

Source: McKinsey Global Institute, Peru Research Center
Special Guest
Special Guest

Paula Glover
President American Association of Blacks in Energy

July 28, 2020
Accelerated Renewable Energy Growth and Community Benefits Act
-Northern New York Transmission Project
-Western New York Transmission Project(s)
Accelerated Renewable Energy Growth and Community Benefits Act
-Northern New York Transmission Project
-Western New York Transmission Project(s)

Kimberly Harriman, Senior Vice President, Public and Regulatory Affairs
Girish Behal, Vice President, Projects and Business Development and Licensing

July 28, 2020
The Act is designed to:
- Accelerate development and construction of renewable energy projects;
- Establish a “Build Ready Program” administered by New York State Energy Research and Development Authority; and
- Promote investment in the electric system to ensure delivery from renewable energy projects to load centers – “Grid Study.”

Grid Study & Investment Plan:
- Local transmission and distribution upgrades and investments
- Bulk Electric Grid upgrades and investments – onshore & offshore resources
  - Order 1000 Public Policy Transmission Needs
  - Designate Priority Transmission Projects that NYPA may undertake
    * Competitive solicitation for partners required for certain projects
NNY Transmission – Project Components

- Moses to Willis 1&2
  ~37 miles of 230 kV converted to 345 kV

- Willis to Patnode/Ryan 1&2
  ~9 miles of 230 kV rebuild

- SMART Path
  M-A 1&2 rebuild
  Phase 2 completion

- Adirondack to Porter 1&2
  ~55 miles of 230 kV converted to 345 kV
Northern New York (NNY) Transmission

Project Highlights

• Substantially within NYPA and National Grid rights of ways
• Reduces Curtailment of existing renewables and Enables additional renewables
• Enables 1000+MW of Transfer Capability from Northern New York to Downstate
• Enables 3000+ MW of renewable investments
• Leverages existing system investments in
  - Smart Path Project
  - AC Transmission Project
  - Transmission Owner Transmission Solutions (TOTS) Projects
Western New York Projects – Project Components

- Packard Huntley
- Gardenville Circuit
- Separation
- South Ripley PAR
Northern New York (NNY) Transmission

Project Highlights

• Substantially within existing National Grid and Avangrid rights of ways
• Reduces Curtailment of existing renewables and Enables additional renewables
• Enables 600+ MW of renewable investments
• Leverages existing system investments in
  - Western New York Public Policy Transmission Needs (PPTN)
COVID-19 Update

ORAL REPORT
4a i -2 NYPAs Commitment to Racial Justice and Equity

a. Special Guest Paula Glover, President American Association of Blacks in Energy

ORAL PRESENTATION
AREGCBA Legislation
Northern New York Transmission Project
Western New York Transmission Project(s)

Kimberly Harriman
Senior Vice President, Public and Regulatory Affairs
Girish Behal
Vice President, Projects and Business Development and Licensing

July 28, 2020
Accelerated Renewable Energy Growth and Community Benefits Act (AREGCBA)

- The Act is designed to:
  - Accelerate development and construction of renewable energy projects;
  - Establish a “Build Ready Program” administered by New York State Energy Research and Development Authority; and
  - Promote investment in the electric system to ensure delivery from renewable energy projects to load centers – “Grid Study.”

- Grid Study & Investment Plan:
  - Local transmission and distribution upgrades and investments
  - Bulk Electric Grid upgrades and investments – onshore & offshore resources
    - Order 1000 Public Policy Transmission Needs
    - Designate Priority Transmission Projects that NYPA may undertake
      - Competitive solicitation for partners required for certain projects
NNY Transmission – Project Components

- Moses to Willis 1&2: ~37 miles of 230 kV converted to 345 kV
- Willis to Patnode/Ryan 1&2: ~9 miles of 230 kV rebuild
- SMART Path: M-A 1&2 rebuild, Phase 2 completion
- Adirondack to Porter 1&2: ~55 miles of 230 kV converted to 345 kV
Northern New York (NNY) Transmission

Project Highlights

- Substantially within NYPA and NG rights of ways
- Reduces Curtailment of existing renewables and Enables additional renewables
- Enables 1000+MW of Transfer Capability from Northern New York to Downstate
- Enables 3000+ MW of renewable investments
- Leverages existing system investments in
  - SMART Path Project
  - AC Transmission Project
  - TOTs Projects
Western New York Projects – Project Components

- Packard Huntley
  - Gardenville Circuit
  - Separation
- South Ripley PAR
Northern New York (NNY) Transmission

Project Highlights

- Substantially within existing NG and Avangrid rights of ways
- Reduces Curtailment of existing renewables and Enables additional renewables
- Enables 600+ MW of renewable investments
- Leverages existing system investments in
  ✓ Western New York PPTN
## Level 1 KPIs: YTD June 2020

<table>
<thead>
<tr>
<th>KPI</th>
<th>YTD June 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Status</td>
</tr>
<tr>
<td>Generation Market Readiness</td>
<td></td>
</tr>
<tr>
<td>Transmission System Reliability</td>
<td></td>
</tr>
<tr>
<td>Environmental Incidents</td>
<td></td>
</tr>
<tr>
<td>(Corporate)</td>
<td></td>
</tr>
<tr>
<td>Dart Rate</td>
<td></td>
</tr>
<tr>
<td>(Corporate)</td>
<td></td>
</tr>
</tbody>
</table>

**Legend:**
- **Green circle**: Meeting or exceeding target
- **Triangle**: Missing target
- **Red**: Significantly missing target
Commercial Operations: Response to Customers during COVID

Customer Load Rebounds; Business Restarts
- Scheduled LSE portfolio at 4.4% below base load conditions for July
- 18% below base load at peak NY PAUSE
- 88% of curtailed Commercial & Industrial power has returned (34 of 50 back at full load)

Customer Support; 44% Subscription of EDCAP
- Economic Development Customer Assistance Program enrolled 322 out of 730 eligible
- Many customers remained open as deemed “essential”

Manifold Center, Medford, LI
Commercial Operations: Project Restart and Energy Markets during COVID

Increased Efficiencies Working Remotely
• Virtual site visits with 3D/4D walkthroughs
• Reduction of 50-75% in staff time
• Digital design reviews

Reducing Wholesale Market Volatility Impacts
• Ongoing hedging for 2020-2023 future years to support NYPA financial plan
• Improve predictability of revenues relative to softening of market prices
• Q2 2020 hedging activities limited NYPA exposure to ~$15M (@P5 confidence interval) for remainder of 2020

Construction Restarts
• Over 120 projects approved for safe construction restart
• Energy efficiency, electric vehicle charging infrastructure and distributed energy resources

OGS Hanson Place, Brooklyn NY
Wholesale Electricity Supply as of end of June

Merchant Gross Margin

<table>
<thead>
<tr>
<th>Key Targets</th>
<th>Q2</th>
<th>YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>($8.1M) below GM target of $79.4M</td>
<td>($46M) below GM target of $169.4M</td>
</tr>
</tbody>
</table>

Market Fundamentals

Q2 Update
Temperatures at seasonal norms with slight uptick in 2H June

- US Gas inventory remains high - 30% above last year
- US Gas prices ~30% below target (vs. ~70% in Q1)
- Energy prices improved from Q1, was at ~35% below target
  - Lower margin partially offset by hedges ($14.5 M)
  - Higher than expected generation volume ($3.4 M)

Forward Outlook
Signs of load recovery with start of NY Un-pause

- NOAA projecting above normal summer temperatures
- NYISO 3-5% load reduction anticipated for rest of year
- BOY energy/gas prices projected 20% lower vs. target
Statewide Contributions

Customer Satisfaction Score Survey Results

- Key Account Utility Industry Average: 8.3
- NYPA Average: 7.9

Economic Development

- Recharge NY: 77% Allocated
  705 of 910 Megawatts
- 410,547 Jobs Retained
- $23.25 Billion Capital Committed
Customer Offerings – Key Targets

**Clean Energy Solutions**
- $107.1M Executed Contracts ($220M YE target)
- $9.1M YTD Non-Utility Revenues ($21.2M YE target)

**New York Energy Manager**
- 532.8M Data Records (600 million data records YE target)

**EVolve**
- 2 Public DCFC projects in Construction with 8 charging ports (40 Public DC Fast Charging Ports YE target)
  
  *Lagrangeville site currently under construction*
Meeting Key Milestones While Pushing Ahead

Product Development
Green Power Products from Expanded Authority approved and launched.

Utility Scale Developments
Construction began at 20 MW North County Storage Project July 15th.

Customer Sited Projects
Jacob Javits Center - 1.87 MW solar paired with ~2 MW/4HR storage - largest solar rooftop in NYC.
# 6+6 YEAR-TO-DATE ACTUALS

**YTD ACTUALS (JANUARY-JUNE 2020)**

<table>
<thead>
<tr>
<th>In $ Thousands</th>
<th>2020 Budget ($)</th>
<th>2020 Current ($)</th>
<th>Variance ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Operating Income</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Revenue</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer Revenue</td>
<td>$881,408</td>
<td>$757,679</td>
<td>($123,728)</td>
</tr>
<tr>
<td>Market-Based Power Sales</td>
<td>264,543</td>
<td>155,957</td>
<td>(108,586)</td>
</tr>
<tr>
<td>Non Utility Revenue</td>
<td>12,930</td>
<td>9,913</td>
<td>(3,016)</td>
</tr>
<tr>
<td>Ancillary Service Revenue</td>
<td>22,228</td>
<td>14,758</td>
<td>(7,470)</td>
</tr>
<tr>
<td>NTAC and Other</td>
<td>98,504</td>
<td>99,185</td>
<td>682</td>
</tr>
<tr>
<td><strong>Operating Revenue Total</strong></td>
<td>1,279,612</td>
<td>1,037,493</td>
<td>(242,118)</td>
</tr>
<tr>
<td>Operating Expense</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase Power</td>
<td>(317,255)</td>
<td>(204,123)</td>
<td>113,132</td>
</tr>
<tr>
<td>Ancillary Service Expense</td>
<td>(28,913)</td>
<td>(24,860)</td>
<td>4,053</td>
</tr>
<tr>
<td>Fuel Consumed</td>
<td>(84,670)</td>
<td>(40,792)</td>
<td>43,878</td>
</tr>
<tr>
<td>Wheeling</td>
<td>(294,835)</td>
<td>(299,456)</td>
<td>(4,621)</td>
</tr>
<tr>
<td>Operations &amp; Maintenance</td>
<td>(292,960)</td>
<td>(276,826)</td>
<td>16,134</td>
</tr>
<tr>
<td>Other Expense</td>
<td>(60,202)</td>
<td>(60,355)</td>
<td>(152)</td>
</tr>
<tr>
<td>Allocation to Capital</td>
<td>9,393</td>
<td>14,112</td>
<td>4,719</td>
</tr>
<tr>
<td><strong>Operating Expense Total</strong></td>
<td>(1,068,843)</td>
<td>(892,300)</td>
<td>176,543</td>
</tr>
<tr>
<td><strong>EBIDA Total</strong></td>
<td>210,769</td>
<td>145,193</td>
<td>(65,576)</td>
</tr>
<tr>
<td><strong>EBIDA NYPA</strong></td>
<td>256,263</td>
<td>187,686</td>
<td>(68,577)</td>
</tr>
<tr>
<td><strong>EBIDA Canals</strong></td>
<td>(45,493)</td>
<td>(42,493)</td>
<td>3,000</td>
</tr>
<tr>
<td><strong>Non Operating</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest &amp; Other Expenses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest &amp; Other Expenses</td>
<td>(60,466)</td>
<td>(61,077)</td>
<td>(611)</td>
</tr>
<tr>
<td>Investment and Other Income</td>
<td>13,941</td>
<td>25,395</td>
<td>11,454</td>
</tr>
<tr>
<td>Mark to Market Adjustments</td>
<td>(180)</td>
<td>(4,792)</td>
<td>(4,612)</td>
</tr>
<tr>
<td>Depreciation</td>
<td>(131,268)</td>
<td>(127,983)</td>
<td>3,285</td>
</tr>
<tr>
<td><strong>Interest and Other Expenses Total</strong></td>
<td>(177,973)</td>
<td>(168,457)</td>
<td>9,516</td>
</tr>
<tr>
<td><strong>NET INCOME</strong></td>
<td>$32,796</td>
<td>($23,264)</td>
<td>($56,060)</td>
</tr>
</tbody>
</table>

**EBIDA:** Earnings Before Interest Depreciation & Amortization
## 6+6 FULL-YEAR FORECAST

### YEAR END PROJECTION (JANUARY - DECEMBER 2020)

<table>
<thead>
<tr>
<th>In $ Thousands</th>
<th>2020 Budget ($)</th>
<th>2020 Current ($)</th>
<th>Variance ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Operating Income</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Revenue</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer Revenue</td>
<td>$1,766,465</td>
<td>$1,653,806</td>
<td>($132,659)</td>
</tr>
<tr>
<td>Market-Based Power Sales</td>
<td>524,543</td>
<td>390,079</td>
<td>(134,463)</td>
</tr>
<tr>
<td>Non Utility Revenue</td>
<td>30,128</td>
<td>24,166</td>
<td>(5,962)</td>
</tr>
<tr>
<td>Ancillary Service Revenue</td>
<td>45,417</td>
<td>37,258</td>
<td>(8,158)</td>
</tr>
<tr>
<td>NTAC and Other</td>
<td>193,707</td>
<td>213,666</td>
<td>19,959</td>
</tr>
<tr>
<td><strong>Operating Revenue Total</strong></td>
<td>2,580,259</td>
<td>2,318,975</td>
<td>(261,283)</td>
</tr>
<tr>
<td>Operating Expense</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase Power</td>
<td>(612,391)</td>
<td>(485,105)</td>
<td>127,286</td>
</tr>
<tr>
<td>Ancillary Service Expense</td>
<td>(58,270)</td>
<td>(54,441)</td>
<td>3,829</td>
</tr>
<tr>
<td>Fuel Consumed</td>
<td>(158,717)</td>
<td>(96,405)</td>
<td>62,312</td>
</tr>
<tr>
<td>Wheeling</td>
<td>(644,109)</td>
<td>(648,878)</td>
<td>(4,769)</td>
</tr>
<tr>
<td>Operations &amp; Maintenance</td>
<td>(612,582)</td>
<td>(608,630)</td>
<td>3,953</td>
</tr>
<tr>
<td>Other Expense</td>
<td>(119,785)</td>
<td>(123,916)</td>
<td>(4,131)</td>
</tr>
<tr>
<td>Covid-19 Expense*</td>
<td>0</td>
<td>(6,337)</td>
<td>(6,337)</td>
</tr>
<tr>
<td>Allocation to Capital</td>
<td>22,156</td>
<td>24,696</td>
<td>2,540</td>
</tr>
<tr>
<td><strong>Operating Expense Total</strong></td>
<td>(2,183,698)</td>
<td>(1,999,016)</td>
<td>184,682</td>
</tr>
<tr>
<td><strong>EBIDA Total</strong></td>
<td>396,561</td>
<td>319,960</td>
<td>(76,602)</td>
</tr>
<tr>
<td><strong>EBIDA NYPA</strong></td>
<td>487,588</td>
<td>407,758</td>
<td>(79,831)</td>
</tr>
<tr>
<td><strong>EBIDA Canals</strong></td>
<td>(91,027)</td>
<td>(87,798)</td>
<td>3,229</td>
</tr>
<tr>
<td><strong>Non Operating</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest and Other Expenses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest &amp; Other Expenses</td>
<td>(120,919)</td>
<td>(120,306)</td>
<td>613</td>
</tr>
<tr>
<td>Investment and Other Income</td>
<td>28,726</td>
<td>37,817</td>
<td>9,091</td>
</tr>
<tr>
<td>Mark to Market Adjustments</td>
<td>(359)</td>
<td>(5,503)</td>
<td>(5,144)</td>
</tr>
<tr>
<td>Depreciation</td>
<td>(262,536)</td>
<td>(258,918)</td>
<td>3,618</td>
</tr>
<tr>
<td><strong>Interest and Other Expenses Total</strong></td>
<td>(355,088)</td>
<td>(345,910)</td>
<td>9,178</td>
</tr>
<tr>
<td><strong>NET INCOME</strong></td>
<td>$41,473</td>
<td>($26,950)</td>
<td>($68,424)</td>
</tr>
</tbody>
</table>

**EBIDA**: Earnings Before Interest Depreciation & Amortization

*Covid-19: Expected incremental expenses into the forecast.

Margins - Generation** ($52,714)
Margins - Transmission*** (13,874)
Margins - Non Utility (6,039)

** Includes Merchant Gross Margin Variance of ($44,960): Budget @ $335,449 vs Current @ $290,488
*** Includes RTEP payment of $32,810

Operating Expenses (3,975)

Non-Operating Net 8,178

NET INCOME ($68,424)
4e. Finance Committee Report: (Chair Tracy McKibben)

[Oral Report Only]
Date:       July 28, 2020

To:         THE TRUSTEES

From:       THE PRESIDENT and CHIEF EXECUTIVE OFFICER


SUMMARY

In connection with the Authority’s Energy Efficiency Program, the Trustees are requested to authorize the assignment and release, to one or more of the prequalified financial institutions selected by the Trustees at their September 2019 meeting, of up to $200 million of loans made by the Authority to customers in its Governmental Customer Energy Efficiency Program (“GCEEP”) and Statewide Energy Efficiency Program (“Statewide EEP” and, together with the GCEEP, “Customer Energy Efficiency Programs”). This asset assignment and release will improve NYPA’s liquidity, allow for additional capital for the Authority’s Customer Energy Efficiency Programs for future eligible program participants across New York State, and strengthen the Authority’s credit metrics.

BACKGROUND

As deemed feasible and advisable by the Trustees, the Authority has been authorized to finance, design, develop, construct, implement, provide, and administer energy-related projects, programs, and services for eligible customers. See, e.g., Public Authorities Law §1005(17)(a).

The Authority is authorized to issue bonds for the purpose of financing any authorized project and to issue notes in the same manner as bonds. See, e.g., Public Authorities Law §1010 and §1009-a. The proceeds of such bonds may be loaned to customers to finance projects under the Authority’s Customer Energy Efficiency Programs. As of May 1, 2020, the Authority had energy efficiency loans outstanding to customers in the Customer Energy Efficiency Programs in the amount of approximately $550 million, had issued approximately $460 million in commercial paper notes to finance such loans, and had construction work in progress of approximately $285 million.

DISCUSSION

Management is undertaking the monetization of certain energy efficiency loans, in this case through an assignment, to not only to improve the Authority’s liquidity and credit profile, but also to create a programmatic approach to providing additional funding to mission critical programs that address the Executive Order and further New York State’s energy goals. The assignment of such loans will include the assignment and release of any future payments under such loans and the release of any security interests relating to the same. Such assignments will be implemented pursuant to (i) a Long Term Financing Supplement to a Final Customer CIC or
The proceeds of the assignment of the loans will be deposited into the Operating Fund pursuant to Section 503 of the Authority’s General Resolution Authorizing Revenue Obligations, as amended and supplemented (the “General Resolution”) and will be applied to the payment of any related outstanding commercial paper obligations of the Authority or for any other lawful purpose of the Authority in accordance with the General Resolution.

Staff is preparing for the assignment and release of energy efficiency loans through a private placement to one or more of the prequalified financial institutions selected by the Board of Trustees in September 2019 (the “Assignee”). Staff anticipates up to $200 million in energy efficiency loans may be assigned in this manner. These loan assignments will constitute true sales of the loans to the Assignee. After assignment, the customers will be obligated to make loan payments to the Assignee and loan payments will not be an obligation of the Authority. Furthermore, these loans will be assigned at full value as represented on the Authority’s books at the time of assignment (i.e., no discount sales). The Authority may continue to service the loans with its customers post-assignment, through a Master Servicing Agreement, which will generate servicing fees for the Authority; however, the Authority will retain no financial loan obligation.

Staff believes that the assignment of these loans in the Authority’s Customer Energy Efficiency Programs will improve the Authority’s liquidity, allow for additional capital for the Authority’s Customer Energy Efficiency Programs for future eligible program participants across New York State and strengthen the Authority’s credit metrics.

For the reasons stated above, staff believes that the assignment of the energy efficiency loans as described in this memorandum is advisable and such energy efficiency loans are not essential to the maintenance and continued operation of the rest of the Authority’s Projects (as defined in the Bond Resolution).

RECOMMENDATION

The Chief Financial Officer and the Finance Committee recommend that the Trustees authorize the assignment and release, to one or more of the prequalified financial institutions selected by the Trustees at their September 2019 meeting, of up to $200 million of loans made by the Authority to customers in its Customer Energy Efficiency Programs.

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

Gil C. Quiniones
President and Chief Executive Office
RESOLVED, That Trustees hereby authorize the assignment and release to one or more of the prequalified financial institutions selected by the Trustees at their September 2019 meeting of certain outstanding loans, in an aggregate amount not to exceed $200,000,000, made by the Authority to certain public entities in order to finance the design, development, construction, implementation and administration of energy-related projects, programs and services for such public entities in accordance with Section 1005 (17) of the Power Authority Act; and be it further

RESOLVED, that the assignment and release of the loans described in this memorandum is advisable and such loans are not essential to the maintenance and continued operation of the rest of the Authority’s Projects (as defined in the Authority’s General Resolution Authorizing Revenue Obligations, as amended and supplemented (the “Bond Resolution”); and be it further

RESOLVED, That the assignment and release of such loans includes the release of any future payments under such loans and any security interests relating to the same and such release will be undertaken pursuant to a (i) Long Term Financing Supplement to a Final Customer CIC or CPC (the “Long Term Financing Supplement”), to be executed by and between the Authority and the applicable public entities, and (ii) an assignment agreement by and between the Authority and the financial institution purchasing the loans (the “Assignment Agreement”); and be it further

RESOLVED, That the Authority in its discretion may act as servicer of the loans so assigned and released pursuant to a Master Servicing Agreement (the “Servicing Agreement”) by and between the Authority and the financial institution; and be it further
RESOLVED, That the proceeds of the assignment and release of the loans will be deposited into the Operating Fund pursuant to Section 503 of the Bond Resolution; and be it further

RESOLVED, that the proceeds of the assignment and release of the loans shall be applied to the payment of any related outstanding commercial paper obligations of the Authority or may be used any other lawful purpose of the Authority in accordance with the Bond Resolution; 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, the Corporate Secretary, the Treasurer and all other officers of the Authority be, and each of them hereby is, authorized and directed, for and in the name and 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 (including the Long Term Financing Supplement, the Assignment Agreement and the Servicing Agreement) and any other documents that they, or any of them, may deem necessary or advisable to effectuate the foregoing resolution, subject to approval as to the form thereof by the Executive Vice President and General Counsel.
Date: July 28, 2020

To: THE TRUSTEES

From: THE PRESIDENT and CHIEF EXECUTIVE OFFICER

Subject: St. Lawrence-FDR Power Project – Replacement of Plattsburgh Autotransformer No.1 – Capital Expenditure Authorization Request and Contract Award

SUMMARY

The Trustees are requested to approve capital expenditures in the amount of $11.8 million for the Replacement of Plattsburgh Autotransformer No. 1 ("Project"), and to approve the award of a competitively bid, two-and-half year contract to Royal SMIT Transformers ("SMIT") of Nijmegen, The Netherlands, in the amount of $7,339,641 for the design, manufacture, delivery, assembly and commissioning of Autotransformer No. 1, and the Robert Moses Autotransformer No. 2. In addition, the Trustees are requested to waive the requirements of the New York Buy American Act.

Capital Expenditures in the amount of $300,000 for preliminary engineering were previously approved by the President and Chief Executive Officer in September 2019, bringing the total estimated Project cost to $12.1 million.

The Finance Committee, at its July 16, 2020 meeting, adopted a resolution that the Trustees approve the capital expenditures and contract award.

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.

In accordance with the Authority’s Expenditure Authorization Procedures, the award of non-personal services contracts in excess of $6 million require the Trustees’ approval.

Additionally, in accordance with the Authority’s Capital Planning and Budgeting Procedures, capital expenditures in excess of $6 million require the Trustees’ approval.

The Project will replace the existing Plattsburgh Autotransformer No. 1 which failed in December 17, 2018 due to an external high fault current and was taken out of service. An internal inspection of the transformer, performed by Buffalo Transformer Services, determined that the transformer’s tertiary winding shorted to the core, causing extensive internal damage to the transformer.
DISCUSSION

The transformer, manufactured by GE, had been in operation since 1958. Options were reviewed and evaluated by the Authority’s staff to either repair, retire or replace the transformer.

The repair costs of the transformer, including the shipping costs to the repair facility, were found to exceed the replacement cost of the transformer. Additionally, since the transformer is a critical asset to the Bulk Electric System (“BES”), it cannot be retired. As such, the recommendation is to replace the transformer.

In addition to the new transformer, the Project scope includes the dismantling and transport of the existing transformer offsite for disposal, and the installation of new disconnecting equipment for isolation of the new transformer for maintenance. The existing facilities, including the masonry fire wall, and the oil containment infrastructure will be evaluated for upgrades against current regulatory codes and environmental permit requirements.

Project execution is planned to occur over a three-year period. It commenced with the issuance in November 2019, of a Request-for-Proposal (“RFP”) for the new Autotransformer, which includes the procurement of Robert Moses Autotransformer No. 2. Detailed engineering design will be completed for the installation of the disconnecting equipment and the foundation for the new transformer. Construction is planned in two phases. Phase one, to be completed in 2021, will include installation of the new disconnecting equipment. Phase two, to be completed in 2022, will include construction of the upgraded facilities for the new transformer. Delivery, assembly, testing and commissioning of the new transformer, and project close-out are also planned to be complete in 2022, subject to approved outages.

The Authority issued RFP No. Q19-6854HM, via Ariba e-sourcing, which was advertised in the New York State Contract Reporter and posted on the Authority’s Procurement website on November 27, 2019.

Five proposals were received on February 7, 2020 via the ARIBA e-sourcing portal:

<table>
<thead>
<tr>
<th>Company</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABB Enterprise Software, Inc. (&quot;ABB&quot;)</td>
<td>Varennes, Quebec, Canada</td>
</tr>
<tr>
<td>ILJIN Electric Co. Ltd</td>
<td>Seoul, So. Korea</td>
</tr>
<tr>
<td>MVA Power, Inc.</td>
<td>Montreal, Quebec, Canada</td>
</tr>
<tr>
<td>PTI Transformer LP</td>
<td>Winnipeg, Manitoba, Canada</td>
</tr>
<tr>
<td>Royal SMIT Transformers (&quot;SMIT&quot;)</td>
<td>Nijmegen, The Netherlands</td>
</tr>
</tbody>
</table>

Proposals submitted, including responses to post-bid addenda issued on February 21 and June 1, 2020 and requests-for-clarifications issued on March 11 and April 13, 2020, were reviewed against established criteria by the Evaluation Committee ("Committee") comprised of Authority staff from Engineering, Strategic Supply Management, Quality, Safety, Operations, Project and Construction Management. The criteria included cost, technical compliance, quality assurance and quality control, prior experience of delivering equipment to the Authority, and support to the project delivery schedule.

The proposals were also reviewed for compliance with Executive Order ("EO") 13920 “Securing the United States Bulk Power System." After reviewing this EO, it was considered applicable to this contract.

The proposals for both transformers were also reviewed for compliance with the New York Buy American Act. After review, it is recommended that the Act’s requirements be waived based on the significant cost savings that would benefit the Authority and the best value offered by the recommended supplier.
Since the transformers are critical assets to the bulk electric system ("BES"), replacement must be procured from suppliers that are compliant with NERC CIP-13 requirements and qualified as BES equipment suppliers to the Authority.

Requirements for Minority and Women Business Enterprise and Service-Disabled Veteran-Owned Business were waived on this equipment contract.

The Committee concluded that SMIT submitted the best value proposal to the Authority that met the Authority’s technical requirements, contractual terms and conditions and project delivery schedule. SMIT has a history of successfully providing autotransformers to the Authority. SMIT is compliant with Executive Order 13920 as it is from a non-adversarial country. Additionally, SMIT was determined to be a medium risk supplier, and with risk mitigation measures included in the contract documents, it is considered qualified as a BES equipment supplier to the Authority.

Therefore, the Evaluation Committee recommends awarding a contract to SMIT for the reasons stated above.

Capital Expenditures in the amount of $300,000 were previously approved in September 2019, for preliminary engineering.

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

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Engineering/ Design</td>
<td>$ 1,430,000</td>
</tr>
<tr>
<td>Procurement of New Autotransformer No.1</td>
<td>$ 4,252,500</td>
</tr>
<tr>
<td>Construction/Installation</td>
<td>$ 4,800,000</td>
</tr>
<tr>
<td>Project Closeout</td>
<td>$ 105,000</td>
</tr>
<tr>
<td>Authority Direct and Indirect Expenses</td>
<td>$ 1,212,500</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$11,800,000</strong></td>
</tr>
</tbody>
</table>

The proposed spending for this Project is included in the approved Four-Year Capital Plan.

**FISCAL INFORMATION**

Payment associated with this Project will be made from the Authority’s Capital Fund and will be recovered under the Authority’s FERC-approved formula rate.

**RECOMMENDATION**

The Senior Vice President and Chief Engineer – Operations Support Services, the Regional Manager – Transmission, the Vice President – Project Management, the Vice President – Strategic Supply Management, and the Senior Program Director recommend that the Trustees approve capital expenditures in the amount of $11.8 million and the award of a two-and-half year procurement contract to Royal SMIT Transformers ("SMIT") of Nijmegen, The Netherlands, in the amount of $7,339,641 for the design, manufacture, delivery, assembly and commissioning of the Plattsburgh Autotransformer No.1, and the Robert Moses Autotransformer No. 2. In addition, it is recommended that the Trustees waive the requirements of the New York Buy American Act, from this contract.

The Finance Committee, at its July 16, 2020 meeting, adopted a resolution that the Trustees approve the capital expenditures and contract award.
For the reasons stated, I recommend the approval of the above-requested action by adoption of the resolution below.

Gil C. Quiniones
President and Chief Executive Officer
RESOLVED, that pursuant to the Authority’s Capital Planning and Budgeting Procedures, capital expenditures in the amount of $11.8 million are hereby authorized for the Replacement of the Plattsburgh Autotransformer No. 1 Project in accordance with, and as recommended in, the foregoing memorandum of the President and Chief Executive Officer; and be it further

RESOLVED, That the Authority will use Capital Funds, which may include proceeds of debt issuances, to finance the costs of the Replacement of the Plattsburgh Autotransformer No.1 Project.

<table>
<thead>
<tr>
<th>Capital</th>
<th>Expenditure Authorization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Replacement of Plattsburgh</td>
<td>$11,800,000</td>
</tr>
<tr>
<td>Autotransformer No.1</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 two-and-half year contract to Royal SMIT Transformers, of Nijmegen, The Netherlands, in the amount of $7,339,641 for the design, manufacture, delivery, installation and commissioning of the Plattsburgh Substation Autotransformer No. 1 and the Robert Moses Autotransformer No. 2, including waiving the requirements of the New York Buy American Act, from this contract, for the aforementioned project.

<table>
<thead>
<tr>
<th>Contractor</th>
<th>Contract Approval</th>
</tr>
</thead>
<tbody>
<tr>
<td>Royal SMIT Transformers</td>
<td>$7,339,641</td>
</tr>
<tr>
<td>Nijmegen, The Netherlands</td>
<td></td>
</tr>
<tr>
<td>(Q19-6854HM)</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, 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.
Date: July 28, 2020

To: THE TRUSTEES

From: THE PRESIDENT and CHIEF EXECUTIVE OFFICER

Subject: St. Lawrence-FDR Power Project – Replacement of Robert Moses Autotransformer No. 2 – Capital Expenditure Authorization Request

SUMMARY

The Trustees are requested to approve capital expenditures in the amount of $14.5 million for the Replacement of the Robert Moses Autotransformer No. 2 ("Project") located at the St. Lawrence-FDR Power Project.

Capital Expenditures in the amount of $300,000 for preliminary engineering were previously approved by the President and Chief Executive Officer in September 2019, bringing the total estimated Project cost to $14.8 million.

The Finance Committee, at its July 16, 2020 meeting, adopted a resolution that the Trustees approve the capital expenditures.

BACKGROUND

In accordance with the Authority’s Capital Planning and Budgeting Procedures, capital expenditures in excess of $6 million require Trustees’ approval.

The Project will replace the existing Robert Moses Autotransformer No. 2 which failed on January 24, 2019 and was taken out of service. An internal inspection was performed by ABB Transformer Remanufacturing & Engineering Services ("ABB") and their findings concluded that the failure was caused by an external fault in the electric system which propagated to the transformer internals through the tertiary windings, resulting in extensive damage to the transformer B-phase windings and, ultimately, led to transformer failure.

DISCUSSION

The transformer, manufactured by ASEA, had been in operation since 1976. Options were reviewed and evaluated by the Authority’s staff to either repair, retire or replace the failed transformer.

The repair costs of the transformer, including shipping costs to the repair facility, were found to exceed the replacement cost of the transformer. Additionally, the transformer is considered a critical asset to the Bulk Electric System ("BES"), therefore it cannot be retired. As such, the recommendation is to replace the transformer.
In addition to the new transformer, the Project scope includes the dismantling and transport of the existing transformer offsite for disposal. The existing facilities, including the fire suppression system, foundation and structures, and the oil containment infrastructure will be evaluated for upgrades against current regulatory codes and environmental permit requirements.

Project execution is planned to occur over a 3-year period. It commenced with the issuance in November 2019, of a Request for Proposal for the new transformer, which also includes procurement of a replacement transformer for the failed Plattsburgh Substation Autotransformer No. 1. The detailed design will be completed in 2021, with delivery, assembly, testing and commissioning of the new transformer planned for completion in 2022, subject to approved outages.

Capital Expenditures in the amount of $300,000 were previously approved in September 2019, for preliminary engineering.

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

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Engineering/ Design</td>
<td>$ 1,627,500</td>
</tr>
<tr>
<td>Procurement of Equipment</td>
<td>$ 4,830,000</td>
</tr>
<tr>
<td>Construction/Installation</td>
<td>$ 6,594,000</td>
</tr>
<tr>
<td>Project Closeout</td>
<td>$ 105,000</td>
</tr>
<tr>
<td>Authority Direct and Indirect Expenses</td>
<td>$ 1,343,500</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$14,500,000</strong></td>
</tr>
</tbody>
</table>

The proposed spending for this Project is included in the approved Four-Year Capital Plan.

FISCAL INFORMATION

Payment associated with this Project will be made from the Authority’s Capital Fund and will be recovered under the Authority’s FERC-approved formula rate.

RECOMMENDATION

The Senior Vice President and Chief Engineer – Operations Support Services, the Regional Manager – Transmission, the Vice President – Project Management, the Vice President – Strategic Supply Management, and the Senior Program Director recommend that the Trustees approve capital expenditures in the amount of $14.5 million to implement the Replacement of the Robert Moses Autotransformer No. 2 Project.

The Finance Committee, at its July 16, 2020 meeting, adopted a resolution that the Trustees approve the capital expenditures.

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

Gil C. Quiniones  
President and Chief Executive Officer
RESOLUTION

RESOLVED, That pursuant to the Authority’s Capital Planning and Budgeting Procedures, capital expenditures in the amount of $14.5 million are hereby authorized for the Replacement of the Robert Moses Autotransformer No. 2 Project in accordance with, and as recommended in, the foregoing memorandum of the President and Chief Executive Officer; and be it further

RESOLVED, That the Authority will use Capital Funds, which may include proceeds of debt issuances, to finance the costs of the Replacement of Robert Moses Autotransformer No.2 Project.

<table>
<thead>
<tr>
<th>Capital</th>
<th>Expenditure Authorization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Replacement of Robert Moses</td>
<td>$14,500,000</td>
</tr>
<tr>
<td>Autotransformer No. 2</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, 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.
Date:       July 28, 2020

To:         THE TRUSTEES

From:       THE PRESIDENT and CHIEF EXECUTIVE OFFICER

Subject:    Niagara Power Project – Next Generation Niagara Program
            Mechanical and Electrical Upgrades Project
            Wicket Gate Procurement – Contract Award

SUMMARY

The Trustees’ approval is requested to award a 15-year design, manufacture, and
delivery contract to GE Renewables US LLC (“GE”) of Greenwood Village, CO in the amount of
$12.7 million, which includes $2.4 million in escalation over the life of the contract, for the Next
Generation Niagara – Mechanical and Electrical Upgrades Project – Wicket Gate Procurement.
In addition, the Trustees are requested to waive the New York Buy America Act requirements
regarding the purchase of steel components.

The Finance Committee, at its July 16, 2020 meeting, adopted a resolution
recommending that the Trustees approve the aforementioned award and waiver.

BACKGROUND

Section 2879 of the Public Authorities Law and in accordance with the Authority’s
Expenditure Authorization Procedures, the award of non-personal services contracts in excess
of $6 million require the Trustees’ approval.

The Next Generation Niagara Program (“NGN”) is comprised of four main projects: (1)
controls upgrade, (2) mechanical and electrical upgrades, (3) 630-ton gantry crane upgrade,
and (4) penstock platform and inspections. This contract is for the design, manufacture, and
delivery of the wicket gates, required to support the Mechanical and Electrical Upgrades project.
This project will have future separate contract(s) to procure material and perform the remaining
work.

The scope-of-work under this contract includes design, manufacture, and delivery of
eleven (11) sets of twenty-four (24) wicket gates and three (3) spare gates. The wicket gates
will be received and installed by Authority craft in support of the NGN Mechanical and Electrical
Upgrades.

It is estimated that the next contract for the design, furnish, and delivery of the shafts will
be brought to the Trustees for approval in September 2020. The approval for the
implementation of Mechanical and Electrical Upgrades for the unit overhauls is tentatively
scheduled to be presented to the Trustees for approval in the first quarter of 2021 to support
the first unit overhaul starting in 2023. The overall Program is estimated for completion by 2034.
DISCUSSION

A Request for Proposal (“RFP”), Inquiry No. Q19-6866HM, was issued through the Authority’s Ariba system and was advertised in the NYS Contract Reporter on December 13, 2019. A total of fifteen (15) firms were invited into the Ariba Event with forty-seven (47) firms having viewed the RFP on the Strategic Supply Management website. Seven (7) proposals were received through Ariba and one (1) bid was received via email on February 18, 2020. Bidders and their corresponding initial unevaluated, bid pricing are set forth below.

<table>
<thead>
<tr>
<th>Company</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>GE Renewables USA LLC</td>
<td>Greenwood Village, CO</td>
</tr>
<tr>
<td>Andritz Hydro Corp</td>
<td>Charlotte, NC</td>
</tr>
<tr>
<td>Industrial Machine &amp; Mfg. Inc.</td>
<td>Saskatoon, SK, CA</td>
</tr>
<tr>
<td>Gracon LLC</td>
<td>Lafayette, CO</td>
</tr>
<tr>
<td>American Hydro</td>
<td>Buffalo, NY</td>
</tr>
<tr>
<td>Voith Hydro, Inc.</td>
<td>York, PA</td>
</tr>
<tr>
<td>Hydro Tech USA Inc.</td>
<td>Sault Ste Marie, ON, CA</td>
</tr>
<tr>
<td>Toshiba America Energy Systems</td>
<td>Charlotte, NC</td>
</tr>
</tbody>
</table>

Three post-bid addenda were issued requesting additional, detailed information and addressing bidders’ questions. Two of the bidders were unresponsive to the post-bid addenda, Industrial Machine & Mfg. Inc., and Toshiba America Energy Systems. After the evaluation of the post-bid addendum responses there was no change in cost to the bids provided.

The Evaluation Committee that was comprised of representatives from Strategic Supply Management, Mechanical Engineering, Project Delivery, Control Room Operations, Mechanical Maintenance, Quality Assurance, Environmental, Health and Safety, Project Management, and Program Controls reviewed the proposals. The proposals were reviewed and evaluated based on the evaluation criteria established in the RFP including best value, proposal completeness, technical capabilities, ability to meet the schedule, experience in performing this type of work, and safety records. The RFP event was also reviewed for compliance with the Executive Order (“EO”) 13920 “Securing the United States Bulk Power System.” After reviewing this EO, it was considered not applicable to this Contract. These proposals were also reviewed for compliance with the New York Buy American Act. After review, it was recommended that this requirement be waived based on the cost savings that would be realized to the Authority and superior quality of the products offered by the preferred vendor. Requirements for Minority and Women Business Enterprise and Service-Disabled Veteran-Owned Business were waived on this contract.

GE was determined to be the best value based on its strength of experience, ongoing support throughout the life of the project, a well, thought-out project execution plan, high quality manufacturing processes, ability to address the Authority’s requirements and expectations, and best value proposal.

The proposed spending for this contract is in alignment with the original program estimates for this work, which were approved by the Trustees at their July 2019 meeting and has been included in the approved Four-Year Capital Plan.
FISCAL INFORMATION

Payment associated with this Project will be made from the Authority’s Capital Fund. Funding in the amount of $224 million has been authorized, to date, for the Next Generation Niagara Program, which is estimated at $1.1 billion, to complete preliminary engineering, conduct engineering and design, material procurement, implement limited construction, and Authority direct/indirect costs. The balance, to be authorized at future Trustee meetings, is estimated at $876 million for the remaining work associated with this program.

RECOMMENDATION

The Senior Vice President and Chief Engineer – Operations Support Services, the Senior Vice President – Power Supply, the Vice President – Project Management, the Vice President – Strategic Supply Management, the Regional Manager and the Project Manager recommend that the Trustees approve the award of a 15-year contract in the amount of $12.7 million, which includes $2.4 million in escalation over the life of the contract, to GE Renewables US LLC of Greenwood Village, CO for design, manufacture, and delivery of the Wicket Gates in support of the Next Generation Niagara Program. In addition, it is recommended that Trustees waive the requirements of the New York Buy America Act for this award.

The Finance Committee, at its July 16, 2020 meeting, adopted a resolution recommending that the Trustees approve the aforementioned award and waiver.

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

Gil C. Quiniones
President and Chief Executive Officer
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 15-year contract to GE Renewables US LLC in the amount of $12,700,000 for the design, manufacture, and delivery of the Wicket Gates in support of the Next Generation Niagara Program - Mechanical and Electrical Upgrades Project, as recommended in the foregoing memorandum of the President and Chief Executive Officer; and be it further

RESOLVED, That the requirements of the New York Buy America Act for this contract award are hereby waived as recommended in the foregoing memorandum of the President and Chief Executive Officer; and be it further

RESOLVED, That the Authority will use Capital Funds, which may include proceeds of debt issuances, to finance the costs of the Next Generation Niagara – Mechanical and Electrical Upgrades Project – Wicket Gate Procurement;

<table>
<thead>
<tr>
<th>Contractor</th>
<th>Contract Approval</th>
</tr>
</thead>
<tbody>
<tr>
<td>GE Renewables US LLC</td>
<td>$12.7 million</td>
</tr>
<tr>
<td>Greenwood Village, CO</td>
<td></td>
</tr>
<tr>
<td>RFP # Q19-6866HM</td>
<td></td>
</tr>
</tbody>
</table>

AND BE IT FURTHER RESOLVED, That the Chairman, the Vice Chair, 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.
Date:    July 28, 2020

To:    THE TRUSTEES

From:    THE PRESIDENT and CHIEF EXECUTIVE OFFICER

Subject:    NYISO Public Policy AC Transmission Proceeding – Request to Acquire an Ownership Stake

SUMMARY

The Trustees are hereby requested to review and approve the request to acquire a 37.5% Ownership stake in the transmission project awarded to NYPA (Authority) and LS Power Grid New York Corporation I (“LS”) in connection with the AC Transmission Public Policy Requirements proceeding, which project is now referred to as the Marcy to New Scotland Upgrade Project (Project). NYPA has jointly pursued project development with LS in anticipation to elect a 37.5% ownership stake in the $750M Project, as outlined in the Project’s Participation Agreement (“PA”). This Project is anticipated to expand the Authority’s transmission system asset base by up to 99 miles of newly constructed/reconductored circuits, the costs of which are expected to be recoverable through NYPA’s formula rate tariff on file at the Federal Energy Regulatory Commission (“FERC”). NYPA’s portion of the Project has an actual projected rate of return of 7.91%1, which includes a 50-basis point return on equity risk adder. Per the PA, NYPA must determine whether it will acquire its ownership stake on or before late 2020.

The Finance Committee, at its July 16, 2020 meeting adopted a resolution recommending that the Board of Trustees approve the above request.

BACKGROUND

On February 29, 2016, in accordance with the New York Public Service Commission’s (“PSC”) order identifying transmission needs associated with the Central East and UPNY/SENY transmission interfaces, the New York Independent System Operator (“NYISO”) issued the AC Transmission Public Policy Transmission Needs Project Solicitation (Solicitation), commencing a 60-day period for developers to submit proposals.

On March 16, 2016, the Authority executed a Memorandum of Understanding (“MOU”) with LS to develop and submit proposals in response to the Solicitation. LS assumed the lead role and developed thorough proposals including transmission planning, engineering design, preparation of competitive cost estimates and construction schedules followed by formal submission and remittance of all NYISO required deposits and fees. The Authority provided technical assistance, comments, advice and participation in all meetings with the NYISO, PSC,

---

1Actual projected rate of return of 7.91% calculated based on 50/50 Debt to Equity ratio in 2021
and regulatory agencies throughout the process. At its December 15, 2016 meeting, the Board of Trustees authorized funding of the Authority’s share of expenses pursuant to the MOU.

On June 7, 2018, the Authority and LS entered into the PA, as contemplated in, and in replacement of, the MOU, in anticipation of the final NYISO project selection decision.² The PA grants the Authority an option to elect an ownership interest of up to 37.5% of the total Project. It is also outlined and envisioned that NYPA and LS will negotiate an Operation and Maintenance (“O&M”) agreement pursuant to which NYPA will operate and maintain the Project.

On April 8, 2019, the NYISO Board of Directors selected the Project as the winning proposal for segment A of the Transmission Need. In consideration of maintaining its purchase option under the PA, the Authority continues to fund its allocation of Project development costs until such time as the Authority decides to exercise its option.

DISCUSSION

To date, NYPA has paid 33% of all Third-Party costs of the Project in anticipation of electing the ownership stake of up to 37.5%. If the Board of Trustees approves the acquisition, NYPA and LS Power will be required to complete a cost reconciliation from 33% to the 37.5%. This true-up value is approximately $500,000, based on the year-to-date spend on the Project and was included within the 2020 Project Budget. Capital expenditures for this Project were approved by the Board of Trustees on May 21, 2019 and on December 11, 2019, as part of the 2020-2023 Approved Budget and Financial Plan for a cumulative spend of $275.1M.

Continued participation in this Project will provide NYPA with new transmission assets with rate recovery through FERC.

FISCAL INFORMATION

To execute an ownership stake in the Project, no additional funding authorizations above the previously approved requests are required.

Rate recovery of Project costs was authorized by FERC in November 2019 in response to a NYPA petition requesting the following rate incentives: construction work in progress, abandonment, and a return on equity adder of 50 basis points. Based on an actual projected rate of return of 7.91%, which will be subject to a cost containment mechanism, the projected net revenue for the life of the asset is ~$20 million per year.

RECOMMENDATION

The Executive Vice President and Chief Commercial Officer recommends that the Trustees grant approval to formally acquire the maximum ownership stake of 37.5% in the Marcy to New Scotland Upgrade Project. If the exercise of the ownership option is approved by the Trustees, NYPA and LS Power Grid New York Corporation I will have 60 days to effectuate the financial true-up described above. NYPA’s option shall only be deemed exercised, and the closing on NYPA’s ownership interest shall be deemed to occur, upon the completion of the reconciliation between the two parties.

²The MOU and PA were signed by North American Power. Subsequently, North American Power changed its name to LS Power Grid New York LLC (LS LLC). In January 2020, LS LLC assigned its rights in the Project and the PA to LS Power Grid New York Corporation I.
The Finance Committee, at its July 16, 2020 meeting adopted a resolution recommending that the Board of Trustees approve the above request.

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

Gil C. Quiniones
President and Chief Executive Officer
RESOLUTION

RESOLVED, That the Chief Commercial officer or her designee, be, and hereby is, authorized to take such action as is necessary to enable the Authority to exercise its option to secure a 37.5% ownership interest in the transmission project awarded to NYPA and LS Power Grid New York Corporation I and begin the true-up process as defined in the Participation Agreement (“PA”), as identified in the foregoing memorandum 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 Chief Financial Officer and Executive Vice President and General Counsel.
Date:       July 28, 2020
To:        THE TRUSTEES
From:     THE PRESIDENT and CHIEF EXECUTIVE OFFICER
Subject: Port Authority of New York and New Jersey Power Purchase Agreements – John F. Kennedy International Airport

SUMMARY

The Trustees are requested to authorize the execution of back-to-back Power Purchase Agreements (“PPA”), described below, with SunPower/Goldman Sachs Renewable Power (“SP-GSRP”) and the Port Authority of New York and New Jersey (“PANYNJ”). The estimated annual cost of the PPAs with SP-GSRP will be $856,851 per year for up to a term of 20 years ($17,137,020 total) based on a preliminary budget analysis. These costs will be recovered in full, plus an ongoing advisory fee, and will be directly billed to PANYNJ under a separate PPA.

BACKGROUND

The Trustees’ approval is being sought under Public Authorities Law 1005(17), which enables the Authority to finance and design, develop, implement, and administer energy related projects, and provide energy services for its customers. As described below, the Authority will be entering into two PPAs, back-to-back, with SP-GSRP for the purchase of energy and attributes from solar photovoltaic (“PV”) and energy storage systems, and, in turn, selling that energy and attributes to PANYNJ under a separate PPA.

Under Governor Andrew M. Cuomo, New York State has identified the increased deployment of renewable distributed energy resources (“DER”) as a top priority in efforts for the State to achieve its clean energy goals with Governor Cuomo directing the Authority to assist state entities to lead by example. PANYNJ has undertaken numerous projects to drive sustainability efforts and lead by example and engaged the Authority to procure commercial-scale solar PV and energy storage systems to be installed at PANYNJ’s John F. Kennedy International Airport.

In support of the State’s goals, the Trustees are requested to authorize the execution of PPAs with SP-GSRP and PANYNJ, enabling the completion of the John F. Kennedy International Airport Solar PV and Energy Storage Project.
DISCUSSION

The Authority’s Clean Energy Solutions team offers subject matter expertise and project management for the procurement and implementation of renewable distributed energy resources, to all Authority customers meeting the eligibility criteria under Public Authorities Law Section 1005(17). The Authority was engaged by PANYNJ to solicit proposals for solar PV and energy storage systems at multiple locations within the John F. Kennedy International Airport, and support PANYNJ’s sustainability and renewable energy goals. These systems will provide PANYNJ with approximately 7,200 kilowatts of solar PV capacity and 2,500 kilowatts of energy storage capacity, which are expected to generate more than 8,000,000 kilowatt hours of electricity per year. Using the 2,500 kilowatt energy storage system, PANYNJ will be able to reduce its local demand costs and potentially be able to participate in demand response and other energy usage optimization programs, as well as provide resiliency benefits to the AirTrain system during electric system outages or emergency situations.

On April 26, 2019 Request for Proposal (“RFP”) Q19-6703HM was posted in Ariba and advertised in the New York State Contract Reporter, soliciting firms interested in providing solar PV and energy storage systems through a “back-to-back” PPA structure for PANYNJ. Under this contracting structure, the solar PV and energy storage systems are owned, operated and maintained by a third-party throughout the term of the PPA, with the Authority responsible for purchasing all attributes produced by the solar PV and energy storage systems. Those attributes are then purchased by PANYNJ from the Authority under substantially like terms and conditions.

In response to the invitation to bid, on June 28, 2019, proposals were received from 11 firms. The proposals were reviewed by an Evaluation Committee comprised of Clean Energy Solutions, Strategic Supply Management, and Finance. At the conclusion of the evaluation process, Clean Energy Solutions requested that SP-GSRP be released to begin the design development process of the solar PV and energy storage system at PANYNJ. In concurrence with that request, granted on September 25, 2019, the Trustees’ approval is now being sought to proceed with “back-to-back” PPA execution as a result of a successful design development phase.

FISCAL INFORMATION

The estimated annual cost of the Power Purchase Agreements (“PPA”) with SP-GSRP will be $856,851 per year for up to a 20-year term ($17,137,020 total) based on a preliminary budget analysis. These costs, plus an ongoing advisory fee, will be directly billed to PANYNJ under a separate PPA. Additionally, the Authority will receive funds sufficient to fully recover cost incurred by Clean Energy Solutions Business Development for advisory services rendered throughout the procurement and implementation processes.
RECOMMENDATION

The Executive Vice President and Chief Commercial Officer, the Senior Vice President – Clean Energy Solutions, and the Vice President – Business Development recommends that the Trustees approve the request to execute back-to-back Power Purchase Agreements (“PPAs”) with SunPower/Goldman Sachs Renewable Power (“SP-GSRP”) and Port Authority of New York and New Jersey (“PANYNJ”), for an estimated annual cost of $856,851 for up to a term of 20 years.

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

Gil C. Quinones
President and Chief Executive Officer
RESOLUTION

RESOLVED, That the Trustees hereby authorize execution of back-to-back Power Purchase Agreements with SunPower/Goldman Sachs Renewable Power and the Port Authority of New York and New Jersey, for an estimated annual amount of approximately $856,851 for up to a term of 20 years as described in the foregoing memorandum 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.
Date: July 28, 2020  
To: THE TRUSTEES  
From: THE PRESIDENT and CHIEF EXECUTIVE OFFICER  
Subject: Energy & Environmental Policy Development, Analysis and Strategic Planning – Authorization to Award Master Services Agreement Contracts for the Executive Office  

SUMMARY

The Trustees approval/concurrence is requested to award five-year personal services contracts for Energy & Environmental Policy Development, Analysis and Strategic Planning for the Executive Office in the aggregate not-to-exceed amount of thirty million dollars to thirteen qualified firms. The selected qualified firms, individually or as a group, will assist the Authority with policy development, analysis and strategic planning in order to implement the Authority’s new Strategic Plan - Vision2030, and the goals of the Climate Leadership and Community Protection Act (“CLCPA”).

The Finance Committee, at its July 16, 2020 meeting, adopted a resolution recommending that the Trustees approve the award of the contracts described above.

BACKGROUND

Section 2879 of the Public Authorities Law and the Authority’s Guidelines for Procurement Contracts require the Trustees’ approval for contracts involving services to be rendered for a period in excess of one year. Additionally, in accordance with the Authority’s Expenditure Authorization Procedures, the award of non-personal services contracts in excess of $6 million require the Trustees’ approval.

Vision2030 will place the Authority’s customers at the center of its Strategic Plan. The Plan focuses on six investment areas: Clean and Affordable Generation & Transmission (“G&T”), Energy Efficiency, Electrification, Demand Flexibility, Internet of Energy Assets, and People and Communities. On November 11, 2019, the Authority issued a Request for Proposal (“RFP”) to prequalify firms that could provide Energy & Environmental Policy Development, Analysis and Strategic Planning in support of Vision2030 and CLCPA implementation. The scope of services outlined in the RFP encompasses a wide range of subject matter areas including:

- Management consulting in the electric utility sector
- Electric system planning
- Electric grid operations
- The NYISO energy market
- Installed Reserve Margin and Locational Capacity Requirements
- Capacity delivery requirements
- Electric reliability organization, including NPCC and NYSRC
Renewable resource and storage
resource operations
Climate change science
Distributed energy resources
Energy asset finance
Energy market analysis and
modeling
Economic modeling and analysis
Sensitivity analyses
Carbon pricing

Resource adequacy analysis.
Energy storage
Technology trends (e.g., energy
storage)
Energy efficiency
Clean energy solutions
Risk analysis and mitigation
New York laws, regulations, and
policies in the energy arena

DISCUSSION

In response to the Authority’s RFP advertised in the NYS Contract Reporter on
November 11, 2019, (RFP No. Q19-6832CL), nineteen proposals were received on December
20, 2019, from the following firms:

1. Accenture LLP
2. Advisian Worley Group
3. AECOM Technology Corporation
4. Boston Consulting Group
5. Columbia University
6. EJM Associates LLC
8. O’Brien & Gere Engineers
9. ICF International Inc.
10. Massachusetts Institute of Technology
11. GuideHouse LLP (p/k/a Navigant Consulting Inc.)
13. PA Consulting Group, Inc
14. ScottMadden Inc.
15. Sustainable Energy Advantage LLC
16. The Brattle Group, Inc.
17. TRC Engineers, Inc.
18. West Monroe Partners
19. Western Power Projects Advisors LLC

The Evaluation Committee, consisting of representatives from Commercial Operations,
Public and Regulatory Affairs, Strategic Supply Management, and the Digital Transformation
Office, reviewed each proposal, taking into consideration technical and commercial criteria,
including, but not limited to the following:

a) Competency: Vendors must identify one or more of the listed capabilities and
demonstrate an ability to develop and deploy them at NYPA
b) Financial stability: Companies must have active paying customers and be financially
stable
c) Strategic alignment: Companies have strategic alignment in their long-term R&D and
market development plans, and in the ongoing needs of electric utilities
d) Compatibility: Solutions are compatible with ISO 55001
e) Domain expertise: The company and individuals at the company have significant domain
expertise in the power sector
f) Track record: Vendors can demonstrate they have successfully deployed the solutions
they propose delivering to NYPA to other enterprise customers, and
g) Response: The vendor response is clear, articulate, and accurate.

The Authority will seek to achieve or exceed Minority/Women-Owned Business
Enterprise (“M/WBE”) and related goals for the scope-of-work that will be assigned after value
contracts are awarded.
The Evaluation Committee finds that the following thirteen firms demonstrate the expertise and experience in the areas assessed:

1. Accenture LLP
2. Boston Consulting Group
3. Columbia University
4. EJM Associates LLC
5. Energy and Environmental Economics, Inc.
6. ICF International Inc.
7. Massachusetts Institute of Technology
8. GuideHouse LLP (p/k/a Navigant Consulting Inc.
9. PA Consulting Group, Inc.
10. ScottMadden Inc.
11. Sustainable Energy Advantage LLC
12. The Brattle Group, Inc.
13. West Monroe Partners

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

Based on the foregoing, the Evaluation Committee requests the Trustees’ concurrence/approval to award five-year personal services contracts for Energy & Environmental Policy Development, Analysis and Strategic Planning for the Executive Office in the aggregate not-to-exceed amount of thirty million dollars to thirteen qualified firms: (1) Accenture Consulting of New York, NY; (2) Boston Consulting Group of Boston, MA; (3) Columbia University of New York, NY; (4) EJM Associates LLC of Washington, D.C.; (5) Energy and Environmental Economics, Inc. of San Francisco, CA; (6) ICF International Inc. of Fairfax, VA; (7) Massachusetts Institute of Technology of Cambridge, MA; (8) GuideHouse LLP (p/k/a Navigant Consulting Inc.) of New York, NY; (9) PA Consulting Group, Inc of New York, NY; (10) ScottMadden Inc. of Raleigh, NC; (11) Sustainable Energy Advantage LLC of Framingham, MA; (12) The Brattle Group, Inc. of Boston, MA; and (13) West Monroe Partners of Chicago, IL.

The Finance Committee, at its July 16, 2020 meeting, adopted a resolution recommending that the Trustees approve the award of the contracts described above.

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

Gil C. Quiniones
President and Chief Executive Officer
RESOLUTION

RESOLVED, That pursuant to the Guidelines for Procurement Contracts adopted by the Authority and the Authority’s Expenditure Authorization Procedures, approval is hereby granted to award five-year contracts in the aggregate not-to-exceed amount of thirty million dollars to:

(1) Accenture Consulting of New York, NY; (2) Boston Consulting Group of Boston, MA; (3) Columbia University of New York, NY; (4) EJM Associates LLC of Washington, D.C.; (5) Energy and Environmental Economics, Inc. of San Francisco, CA; (6) ICF International Inc. of Fairfax, VA; (7) Massachusetts Institute of Technology of Cambridge, MA; (8) GuideHouse LLP (p/k/a Navigant Consulting Inc.) of New York, NY; (9) PA Consulting Group, Inc of New York, NY; (10) ScottMadden Inc. of Raleigh, NC; (11) Sustainable Energy Advantage LLC of Framingham, MA; (12) The Brattle Group, Inc. of Boston, MA; and (13) West Monroe Partners of Chicago, IL as recommended in the foregoing memorandum of the President and Chief Executive Officer;

<table>
<thead>
<tr>
<th>Contractor</th>
<th>Location</th>
<th>$30 million aggregate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accenture Consulting</td>
<td>New York, NY</td>
<td></td>
</tr>
<tr>
<td>Boston Consulting Group</td>
<td>Boston, MA</td>
<td></td>
</tr>
<tr>
<td>Columbia University</td>
<td>New York, NY</td>
<td></td>
</tr>
<tr>
<td>EJM Associates LLC</td>
<td>Washington, D.C.</td>
<td></td>
</tr>
<tr>
<td>Energy and Environmental Economics, Inc.</td>
<td>San Francisco, CA</td>
<td></td>
</tr>
<tr>
<td>ICF International Inc.</td>
<td>Fairfax, VA</td>
<td></td>
</tr>
<tr>
<td>Massachusetts Institute of Technology</td>
<td>Cambridge, MA</td>
<td></td>
</tr>
<tr>
<td>GuideHouse LLP (p/k/a Navigant Consulting Inc.)</td>
<td>New York, NY</td>
<td></td>
</tr>
<tr>
<td>PA Consulting Group, Inc.</td>
<td>New York, NY</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, 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.
4f. Audit Committee Report: (Chair Eugene Nicandri)

[Oral Report Only]
Date: July 28, 2020

To: THE AUTHORITY TRUSTEES & CANAL CORPORATION
BOARD OF DIRECTORS

From: THE AUDIT COMMITTEE

Subject: Approval of the New York Power Authority and Canal Corporation Audit Committee Charters

SUMMARY

The Authority’s Trustees and the Canal Corporation’s Board of Directors are requested to adopt the Authority’s and the Canal Corporation’s Audit Committee Charters as set forth in Exhibits ‘A’ and ‘B,’ and recommended by the Audit Committee at its July 16, 2020 meeting.

BACKGROUND

The Authority’s Audit Committee Charter was last amended on December 12, 2017 to reflect best practices and to conform to the Canal Corporation’s Audit Committee Charter, which was adopted on January 31, 2017. There were no additional changes to the Audit Committee Charters, and approval was granted by the Audit Committee for compliance with the Institute of Internal Auditors Standards at the July 9, 2019 Audit Committee meeting.

As a result of the Institute of Internal Auditors external quality assessment of Internal Audit in August 2019, recommendations were made to enhance both the Authority’s and the Canal Corporation’s Audit Committee Charters to further align with the Institute of Internal Auditors Standards.

FISCAL INFORMATION

None.

RECOMMENDATION

The Audit Committee recommends that the Authority’s Trustees and the Canal Corporation’s Board of Directors adopt the Authority’s and the Canal Corporation’s Audit Committee Charters as presented and set forth in Exhibits ‘A’ and ‘B.’

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

Eugene L. Nicandri
Chair – Audit Committee
RESOLUTION

RESOLVED, That the attached Authority and Canal Corporation Audit Committee Charters be adopted in the form proposed in Exhibits ‘A’ and ‘B.’
AUDIT COMMITTEE CHARTER

A. PURPOSE

The Audit Committee ("Committee") oversees the work of the Internal Audit Department and monitors all internal audits and external audits performed by the Independent Auditor and other external agencies as well as management’s corrective action and implementation plans to all audit findings.

The responsibilities of the Committee are to: recommend to the Board of Trustees the hiring of a certified independent accounting firm for the New York Power Authority ("Authority"), establish the compensation to be paid to the accounting firm and provide direct oversight of the performance of the independent audit conducted by the accounting firm hired for such purposes, provide direct oversight of the Internal Audit Department, and perform such other responsibilities as the Trustees may assign it.

B. MEMBERSHIP AND ORGANIZATION

(1) Committee Composition

The Committee will be comprised of at least three independent members of the Board of Trustees, who possess the necessary skills to understand the duties and functions of the Committee and be familiar with corporate finance and accounting. Committee members and the Committee Chair will be selected by a vote of the Board of Trustees.

Committee members are prohibited from being an employee of the Authority or an immediate family member of an employee of the Authority. In addition, Committee members shall not engage in any private business transactions with the Authority or receive compensation from any private entity that has material business relationships with the Authority, or be an immediate family member of an individual that engages in private business transactions with the Authority or receives compensation from an entity that has material business relationships with the Authority.

(2) Term

Committee members will serve for a period of five years subject to their term of office under Public Authorities Law § 1003. Committee members may be re-elected to serve for additional periods of five years subject to their term of office. A Committee member may resign his or her position on the Committee while continuing to serve as a Trustee. In the event of a vacancy on the Committee due to death, resignation or otherwise, a successor will be selected to serve in the manner and for the term described above.

(3) Removal

A Committee member may be removed if he or she is removed as Trustee for cause, subject to Public Authorities Law § 2827, or is no longer eligible to serve as a Committee member.
(4) Meetings and Quorum

The quorum of the Committee is a majority of the number of regular Committee members selected by the Board of Trustees.

A majority vote of all Committee members present is required to take action on a matter. The Committee shall hold regularly scheduled meetings at least three times per year. A Committee member may call a special meeting of the Committee individually, or upon the request of the Authority’s President and Chief Executive Officer (“CEO”), Executive Vice President and Chief Operating Officer (“COO”), Executive Vice President and General Counsel (“GC”), Executive Vice President and Chief Financial Officer (“CFO”), Chief Risk Officer (“CRO”), Controller, or Chief Audit Executive of the Internal Audit Department (“CAE”). The notice of meeting need not state the purpose for which the meeting has been called. In order to transact business, a quorum must be present.

In addition, the Committee: (1) will meet at least twice a year with the CAE for the purpose of reviewing audit activities, audit findings, management’s response, remediation action plans, and providing the CAE with an opportunity to discuss items and topics of relevance with the Committee; (2) will meet at least twice a year with the Authority’s independent auditors to discuss the audit work plans, objectives, results and recommendations; and (3) may meet independently with the Authority’s CEO, COO, GC, CFO, CRO, Controller, or CAE on matters or issues and items within the Committee’s purview as it deems necessary. These meetings may be held as part of a regular or special meeting at the Committee’s discretion.

An agenda will be prepared and distributed to each Committee member prior to each meeting and minutes of each meeting will be prepared in accordance with the New York Open Meetings Law. Minutes of the meeting should include, at a minimum:

a. Date; location; time meeting was called to order and adjourned; and if other Board committee (e.g., Finance Committee) is meeting simultaneously.

b. Title and name of attendees; public comments period; title and name of public speakers.

c. Approval of the official proceedings of the previous month’s Committee meeting.

d. Pre-Approval of audit and non-auditing services as appropriate, all auditing services and non-audit services to be performed by independent auditors will be presented to and pre-approved by the Committee:

   1. External Audit Approach Plans: Independent auditor presents approach/service plan, which is to be submitted to the Committee electronically;

   2. Internal Audit Activity Report: CAE provides overview of Internal Audit activities; and

   3. Risk Management: CRO provides an overview of Risk Management activities.

e. Follow-up items including communications to the Committee of the current status of selected open issues, concerns, or matters previously brought to the Committee’s attention or requested by the Committee.

f. Status of audit activities, as appropriate; representatives of the certified independent accounting firm or agency management will discuss with the Committee significant audit
findings/issues, the status of on-going audits, and the actions taken by agency management to implement audit recommendations.

g. Copies of handouts or materials presented to the Committee.

Any meeting of the Committee may be conducted by video conferencing. To the extent permitted by law, the Committee may hold meetings or portions of meetings in executive session.

C. FUNCTIONS AND POWERS

The Committee has the following responsibilities:

(1) General Powers

The Committee may call upon the resources of the Authority to assist the Committee in the discharge of its oversight functions. Such assistance may include the assignment of Authority staff and the retention of external advisors subject to the requirements of the Public Authorities Law and the Authority’s Expenditure Authorization Procedures. The Committee may communicate directly with the CEO.

The Committee may direct any Authority employee to make oral or written reports to the Committee on issues and items within the Committee’s purview.

The Committee may direct the Authority’s internal auditors to conduct special audits of items and issues of concern to the Committee.

(2) Accounting, Financial Reporting, and Oversight of Independent Accountants and Controller

The Committee will seek to enhance the integrity, quality, reliability, and accuracy of the Authority’s financial statements and accompanying notes and will oversee the relationship with the Authority’s independent accountants. To accomplish these objectives, the Committee will:

a. Provide advice to the Trustees on the selection, engagement, compensation, evaluation, and discharge of the independent accountants.

b. Review and discuss as necessary the Authority’s financial statements including any material changes in accounting principles and practices with the independent accountants, the Controller, or members of Authority management.

c. Review and approve the Authority’s annual audited financial statements (including the independent accountants’ associated management letter).

d. Oversee the establishment of procedures for the effective receipt and treatment of (i) complaints regarding auditing, internal auditing, and accounting matters, and (ii) the confidential submission of concerns raised by whistleblowers and other persons regarding accounting or auditing practices.

e. Review at least annually the scope, objectives, and results of the independent auditors’ examination of the annual financial statements and accompanying notes, and report to the Trustees on the Committee’s findings.
f. Assure the independence of the independent accountants by approving any non-audit work by them for the Authority and examining the independent auditor’s relationship with the Authority.

g. Report to the Trustees on any matters relevant to the audit process or independent accountant communications and make such recommendations as the Committee deems appropriate.

(3) Risk Management, Internal Controls and Oversight of the Internal Audit Department

The Committee will seek to enhance the Authority’s risk management infrastructure and ensure timely and effective identification and mitigation of critical business risks. To accomplish these objectives, the Committee will:

a. Have authority over appointment, dismissal, compensation, and performance reviews of the CAE. The CAE will report directly to the Committee.

b. Review the charter, activities, staffing and organizational structure of the Internal Audit Department with management and the CAE.

c. Ensure that the Internal Audit Department is organizationally independent from Authority operations.

d. Provide oversight of the Internal Audit Department and its resources and activities to facilitate the Internal Audit Department’s improvement of internal controls.

e. Review Internal Audit reports and recommendations of the CAE. This review will include a discussion of significant risks reported in the Internal Audit reports, and an assessment of the responsiveness and timeliness of management’s follow-up activities pertaining to the same.

f. Require the CAE to attend any meeting of the Committee and to prepare and deliver such reports as the Committee requests.

g. Provide guidance to the Authority’s CRO and enterprise risk management program on critical business objectives, risks and philosophy and tolerance for risk mitigation, and establish requirements for the CRO to report to the Committee.

h. Report at least annually to the Board of Trustees on matters relating to the internal audit function and the enterprise risk management program and make such recommendations as the Committee deems appropriate.

i. Present periodic reporting to the Board on how the Committee has discharged its duties and met its responsibilities, and regularly report activities, issues, and recommendations.

j. Review the Committee’s charter annually, reassess its adequacy, and recommend any proposed changes to the Board.

k. Conduct an annual self-evaluation of performance, including its effectiveness and compliance with the charter.
Standards Conformance

I. Inquire of the CAE about steps taken to ensure that the internal audit activity conforms with the IIA’s *International Standards for the Professional Practice of Internal Auditing (Standards).*

m. Ensure that the internal audit activity has a quality assurance and improvement program and that the results of these periodic assessments are presented to the Audit Committee.

n. Ensure that the internal audit activity has an external quality assurance review every five years.

o. Review the results of the independent external quality assurance review and monitor the implementation of the internal audit activity’s action plans to address any recommendations.

p. Advise the Board about any recommendations for the continuous improvement of the internal audit activity.
AUDIT COMMITTEE CHARTER

A. PURPOSE

The Audit Committee ("Committee") oversees the work of the Internal Audit Department and monitors all internal audits and external audits performed by the Independent Auditor and other external agencies as well as management’s corrective action and implementation plans to all audit findings.

The responsibilities of the Committee are to: recommend to the Board of Trustees the hiring of a certified independent accounting firm for the New York Power Authority ("Authority"), establish the compensation to be paid to the accounting firm and provide direct oversight of the performance of the independent audit conducted by the accounting firm hired for such purposes, provide direct oversight of the Internal Audit Department, and perform such other responsibilities as the Trustees may assign it.

B. MEMBERSHIP AND ORGANIZATION

(1) Committee Composition

The Committee will be comprised of at least three independent members of the Board of Trustees, who possess the necessary skills to understand the duties and functions of the Committee and be familiar with corporate finance and accounting. Committee members and the Committee Chair will be selected by a vote of the Board of Trustees.

Committee members are prohibited from being an employee of the Authority or an immediate family member of an employee of the Authority. In addition, Committee members shall not engage in any private business transactions with the Authority or receive compensation from any private entity that has material business relationships with the Authority, or be an immediate family member of an individual that engages in private business transactions with the Authority or receives compensation from an entity that has material business relationships with the Authority.

(2) Term

Committee members will serve for a period of five years subject to their term of office under Public Authorities Law § 1003. Committee members may be re-elected to serve for additional periods of five years subject to their term of office. A Committee member may resign his or her position on the Committee while continuing to serve as a Trustee. In the event of a vacancy on the Committee due to death, resignation or otherwise, a successor will be selected to serve in the manner and for the term described above.
(3) Removal

A Committee member may be removed if he or she is removed as Trustee for cause, subject to
Public Authorities Law § 2827, or is no longer eligible to serve as a Committee member.

(4) Meetings and Quorum

The quorum of the Committee is a majority of the number of regular Committee members selected
by the Board of Trustees.

A majority vote of all Committee members present is required to take action on a matter.

The Committee shall hold regularly scheduled meetings at least three times per year. A Committee
member may call a special meeting of the Committee individually, or upon the request of the
Authority’s President and Chief Executive Officer ("CEO"), Executive Vice President and Chief
Operating Officer ("COO"), Executive Vice President and General Counsel ("GC"), Executive Vice
President and Chief Financial Officer ("CFO"), Chief Risk Officer ("CRO"), Controller, or Chief Audit
Executive of the Internal Audit Department ("CAE"). The notice of meeting need not state the
purpose for which the meeting has been called. In order to transact business, a quorum must be
present.

In addition, the Committee: (1) will meet at least twice a year with the CAE for the purpose of
reviewing audit activities, audit findings, management’s response, remediation action plans, and
providing the CAE with an opportunity to discuss items and topics of relevance with the Committee;
(2) will meet at least twice a year with the Authority’s independent auditors to discuss the audit
work plans, objectives, results and recommendations; and (3) may meet independently with the
Authority’s CEO, COO, GC, CFO, CRO, Controller, or CAE on matters or issues and items within the
Committee’s purview as it deems necessary. These meetings may be held as part of a regular or
special meeting at the Committee’s discretion.

An agenda will be prepared and distributed to each Committee member prior to each meeting and
minutes of each meeting will be prepared in accordance with the New York Open Meetings Law.
Minutes of the meeting should include, at a minimum:

a. Date; location; time meeting was called to order and adjourned; and if other Board committee
   (e.g., Finance Committee) is meeting simultaneously.

b. Title and name of attendees; public comments period; title and name of public speakers.

c. Approval of the official proceedings of the previous month’s Committee meeting.

d. Pre-Approval of audit and non-auditing services as appropriate, all auditing services and non-
   audit services to be performed by independent auditors will be presented to and pre-approved
   by the Committee:
   1. External Audit Approach Plans: Independent auditor presents approach/service plan,
      which is to be submitted to the Committee electronically;
   2. Internal Audit Activity Report: CAE provides overview of Internal Audit activities; and
   3. Risk Management: CRO provides an overview of Risk Management activities.

e. Follow-up items including communications to the Committee of the current status of selected
   open issues, concerns, or matters previously brought to the Committee’s attention or requested
   by the Committee.

f. Status of audit activities, as appropriate; representatives of the certified independent
   accounting firm or agency management will discuss with the Committee significant audit
   findings/issues, the status of on-going audits, and the actions taken by agency management
   to implement audit recommendations.
g. Copies of handouts or materials presented to the Committee.

Any meeting of the Committee may be conducted by video conferencing. To the extent permitted by law, the Committee may hold meetings or portions of meetings in executive session.

C. FUNCTIONS AND POWERS

The Committee has the following responsibilities:

(1) General Powers

The Committee may call upon the resources of the Authority to assist the Committee in the discharge of its oversight functions. Such assistance may include the assignment of Authority staff and the retention of external advisors subject to the requirements of the Public Authorities Law and the Authority’s Expenditure Authorization Procedures. The Committee may communicate directly with the CEO.

The Committee may direct any Authority employee to make oral or written reports to the Committee on issues and items within the Committee’s purview.

The Committee may direct the Authority’s internal auditors to conduct special audits of items and issues of concern to the Committee.

(2) Accounting, Financial Reporting, and Oversight of Independent Accountants and Controller

The Committee will seek to enhance the integrity, quality, reliability, and accuracy of the Authority’s financial statements and accompanying notes. The Committee will oversee the relationship with the Authority’s independent accountants. To accomplish these objectives, the Committee will:

a. Provide advice to the Trustees on the selection, engagement, compensation, evaluation, and discharge of the independent accountants.

b. Review and discuss as necessary the Authority’s financial statements including any material changes in accounting principles and practices with the independent accountants, the Controller, or members of Authority management.

c. Review and approve the Authority’s annual audited financial statements (including the independent accountants’ associated management letter).

d. Oversee the establishment of procedures for the effective receipt and treatment of (i) complaints regarding auditing, internal auditing, and accounting matters, and (ii) the confidential submission of concerns raised by whistleblowers and other persons regarding accounting or auditing practices.

e. Review at least annually the scope, objectives, and results of the independent auditors’ examination of the annual financial statements and accompanying notes, and report to the Trustees on the Committee’s findings.
f. Assure the independence of the independent accountants by approving any non-audit work by them for the Authority and examining the independent auditor’s relationship with the Authority.

g. Report to the Trustees on any matters relevant to the audit process or independent accountant communications, and make such recommendations as the Committee deems appropriate.

(3) Risk Management, Internal Controls and Oversight of the Internal Audit Department

The Committee will seek to enhance the Authority’s risk management infrastructure, and ensure timely and effective identification and mitigation of critical business risks. To accomplish these objectives, the Committee will:

a. Have authority over appointment, dismissal, compensation, and performance reviews of the CAE. The CAE will report directly to the Committee.

b. Review the charter, activities, staffing and organizational structure of the Internal Audit Department with management and the CAE.

c. Ensure that the Internal Audit Department is organizationally independent from Authority operations.

d. Provide oversight of the Internal Audit Department and its resources and activities to facilitate the Internal Audit Department’s improvement of internal controls.

e. Review Internal Audit reports and recommendations of the CAE. This review will include a discussion of significant risks reported in the Internal Audit reports, and an assessment of the responsiveness and timeliness of management’s follow-up activities pertaining to the same.

f. Require the CAE to attend any meeting of the Committee and to prepare and deliver such reports as the Committee requests.

g. Provide guidance to the Authority’s CRO and enterprise risk management program on critical business objectives, risks and philosophy and tolerance for risk mitigation, and establish requirements for the CRO to report to the Committee.

h. Report at least annually to the Board of Trustees on matters relating to the internal audit function and the enterprise risk management program, and make such recommendations as the Committee deems appropriate.

i. Present periodic reporting to the Board on how the Committee has discharged its duties and met its responsibilities, and regularly report activities, issues, and recommendations.

j. Review the Committee’s charter annually, reassess its adequacy, and recommend any proposed changes to the Board.

k. Conduct an annual self-evaluation of performance, including its effectiveness and compliance with the charter.
Standards Conformance

1. Inquire of the CAE about steps taken to ensure that the internal audit activity conforms with the IIA’s International Standards for the Professional Practice of Internal Auditing (Standards).

m. Ensure that the internal audit activity has a quality assurance and improvement program and that the results of these periodic assessments are presented to the Audit Committee.

n. Ensure that the internal audit activity has an external quality assurance review every five years.

o. Review the results of the independent external quality assurance review and monitor the implementation of the internal audit activity’s action plans to address any recommendations.

p. Advise the Board about any recommendations for the continuous improvement of the internal audit activity.
NEW YORK STATE CANAL CORPORATION
AUDIT COMMITTEE CHARTER

A. PURPOSE

The Audit Committee (“Committee”) oversees the work of the Internal Audit Department and monitors all internal audits and external audits performed by the Independent Auditor and other external agencies as well as management’s corrective action and implementation plans to all audit findings.

The responsibilities of the Committee are to: recommend to the Board the hiring of a certified independent accounting firm for the New York State Canal Corporation (“Corporation”), establish the compensation to be paid to the accounting firm and provide direct oversight of the performance of the independent audit conducted by the accounting firm hired for such purposes, provide direct oversight of the Internal Audit Department, and perform such other responsibilities as the Board may assign it.

B. MEMBERSHIP AND ORGANIZATION

(1) Committee Composition

The Committee will be comprised of at least three independent members of the Board, who possess the necessary skills to understand the duties and functions of the Committee and be familiar with corporate finance and accounting. Committee members and the Committee Chair will be selected by a vote of the Board.

Committee members are prohibited from being an employee of the Corporation or an immediate family member of an employee of the Corporation. In addition, Committee members shall not engage in any private business transactions with the Corporation or receive compensation from any private entity that has material business relationships with the Corporation, or be an immediate family member of an individual that engages in private business transactions with the Corporation or receives compensation from an entity that has material business relationships with the Corporation.

(2) Term

Committee members will serve for a period of five years subject to their term of office under Public Authorities Law § 1003. Committee members may be reelected to serve for additional periods of five years subject to their term of office. A Committee member may resign his or her position on the Committee while continuing to serve as a member of the Board. In the event of a vacancy on the Committee due to death, resignation or otherwise, a successor will be selected to serve in the manner and for the term described above.
(3) **Removal**

A Committee member may be removed if he or she is removed as a member of the Board for cause, subject to Public Authorities Law § 2827, or is no longer eligible to serve as a Committee member.

(4) **Meetings and Quorum**

The quorum of the Committee is a majority of the number of Committee members selected by the Board.

A majority vote of all Committee members present is required to take action on a matter.

The Committee shall hold regularly scheduled meetings at least twice per year. A Committee member may call a special meeting of the Committee individually, or upon the request of the Corporation’s President and Chief Executive Officer (“CEO”), Executive Vice President and Chief Operating Officer (“COO”), Executive Vice President and General Counsel (“GC”), Executive Vice President and Chief Financial Officer (“CFO”), Chief Risk Officer (“CRO”), Controller, or Chief Audit Executive of the Internal Audit Department (“CAE”). The notice of meeting need not state the purpose for which the meeting has been called. In order to transact business, a quorum must be present.

In addition, the Committee: (1) will meet at least twice a year with the CAE for the purpose of reviewing audit activities, audit findings, management’s response, remediation action plans, and providing the CAE with an opportunity to discuss items and topics of relevance with the Committee; (2) will meet at least twice a year with the Corporation’s independent auditors to discuss the audit work plans, objectives, results and recommendations; and (3) may meet independently with the Corporation’s CEO, COO, GC, CFO, CRO, Controller, or CAE on matters or issues and items within the Committee’s purview as it deems necessary. These meetings may be held as part of a regular or special meeting at the Committee’s discretion.

An agenda will be prepared and distributed to each Committee member prior to each meeting and minutes of each meeting will be prepared in accordance with the New York Open Meetings Law. Minutes of the meeting should include, at a minimum:

a. Date; location; time meeting was called to order and adjourned; and if other Board committee (e.g., Finance Committee) is meeting simultaneously.

b. Title and name of attendees; public comments period; title and name of public speakers.

c. Approval of the official proceedings of the previous month’s Committee meeting.
d. Pre-Approval of audit and non-auditing services as appropriate, all auditing services and non-audit services to be performed by independent auditors will be presented to and pre-approved by the Committee:

1. External Audit Approach Plans: Independent auditor presents approach/service plan, which is to be submitted to the Committee electronically;

2. Internal Audit Activity Report: CAE provides overview of Internal Audit activities; and

3. Risk Management: CRO provides an overview of Risk Management activities.

e. Follow-up items including communications to the Committee of the current status of selected open issues, concerns, or matters previously brought to the Committee’s attention or requested by the Committee.

f. Status of audit activities, as appropriate; representatives of the certified independent accounting firm or Corporation management will discuss with the Committee significant audit findings/issues, the status of on-going audits, and the actions taken by Corporation management to implement audit recommendations.

g. Copies of handouts or materials presented to the Committee.

Any meeting of the Committee may be conducted by video conferencing. To the extent permitted by law, the Committee may hold meetings or portions of meetings in executive session.

C. FUNCTIONS AND POWERS

The Committee has the following responsibilities:

(1) General Powers

The Committee may call upon the resources of the Corporation to assist the Committee in the discharge of its oversight functions. Such assistance may include the assignment of Corporation staff and the retention of external advisors subject to the requirements of the Public Authorities Law and the Corporation’s Expenditure Authorization Procedures. The Committee may communicate directly with the CEO.

The Committee may direct any Corporation employee to make oral or written reports to the Committee on issues and items within the Committee’s purview.

The Committee may direct the Corporation’s internal auditors to conduct special audits of items and issues of concern to the Committee.
(2) Accounting, Financial Reporting, and Oversight of Independent Accountants and Controller

The Committee will seek to enhance the integrity, quality, reliability, and accuracy of the Corporation’s financial statements and accompanying notes and will oversee the relationship with the Corporation’s independent accountants. To accomplish these objectives, the Committee will:

a. Provide advice to the Board on the selection, engagement, compensation, evaluation, and discharge of the independent accountants.

b. Review and discuss as necessary the Corporation’s financial statements including any material changes in accounting principles and practices with the independent accountants, the Controller, or members of Corporation management.

c. Review and approve the Corporation’s annual audited financial statements (including the independent accountants’ associated management letter).

d. Oversee the establishment of procedures for the effective receipt and treatment of (i) complaints regarding auditing, internal auditing, and accounting matters, and (ii) the confidential submission of concerns raised by whistleblowers and other persons regarding accounting or auditing practices.

e. Review at least annually the scope, objectives, and results of the independent auditors’ examination of the annual financial statements and accompanying notes, and report to the Board on the Committee’s findings.

f. Assure the independence of the independent accountants by approving any non-audit work by them for the Corporation and examining the independent auditor’s relationship with the Corporation.

g. Report to the Board on any matters relevant to the audit process or independent accountant communications and make such recommendations as the Committee deems appropriate.

(3) Risk Management, Internal Controls and Oversight of the Internal Audit Department

The Committee will seek to enhance the Corporation’s risk management infrastructure and ensure timely and effective identification and mitigation of critical business risks. To accomplish these objectives, the Committee will:

a. Have authority over appointment, dismissal, compensation, and performance reviews of the CAE. The CAE will report directly to the Committee.

b. Review the charter, activities, staffing and organizational structure of the Internal Audit Department with Corporation management and the CAE.
c. Ensure that the Internal Audit Department is organizationally independent from Corporation operations.

d. Provide oversight of the Internal Audit Department and its resources and activities to facilitate the Internal Audit Department’s improvement of internal controls.

e. Review Internal Audit reports and recommendations of the CAE. This review will include a discussion of significant risks reported in the Internal Audit reports, and an assessment of the responsiveness and timeliness of management’s follow-up activities pertaining to the same.

f. Require the CAE to attend any meeting of the Committee and to prepare and deliver such reports as the Committee requests.

g. Provide guidance to the Corporation’s CRO and enterprise risk management program on critical business objectives, risks and philosophy and tolerance for risk mitigation, and establish requirements for the CRO to report to the Committee.

h. Report at least annually to the Board on matters relating to the internal audit function and the enterprise risk management program and make such recommendations as the Committee deems appropriate.

i. Present periodic reporting to the Board on how the Committee has discharged its duties and met its responsibilities, and regularly report activities, issues and recommendations.

j. Review the Committee’s charter annually, reassess its adequacy, and recommend any proposed changes to the Board.

k. Conduct an annual self-evaluation of performance, including its effectiveness and compliance with the charter.

Standards Conformance

l. Inquire of the CAE about steps taken to ensure that the internal audit activity conforms with the IIA’s International Standards for the Professional Practice of Internal Auditing (Standards).

m. Ensure that the internal audit activity has a quality assurance and improvement program and that the results of these periodic assessments are presented to the Audit Committee.

n. Ensure that the internal audit activity has an external quality assurance review every five years.

o. Review the results of the independent external quality assurance review and monitor the implementation of the internal audit activity’s action plans to address any recommendations.
p. Advise the Board about any recommendations for the continuous improvement of the internal audit activity.
NEW YORK STATE CANAL CORPORATION
AUDIT COMMITTEE CHARTER

A. PURPOSE

The Audit Committee (“Committee”) oversees the work of the Internal Audit Department and monitors all internal audits and external audits performed by the Independent Auditor and other external agencies as well as management’s corrective action and implementation plans to all audit findings.

The responsibilities of the Committee are to: recommend to the Board the hiring of a certified independent accounting firm for the New York State Canal Corporation (“Corporation”), establish the compensation to be paid to the accounting firm and provide direct oversight of the performance of the independent audit conducted by the accounting firm hired for such purposes, provide direct oversight of the Internal Audit Department, and perform such other responsibilities as the Board may assign it.

B. MEMBERSHIP AND ORGANIZATION

(1) Committee Composition

The Committee will be comprised of at least three independent members of the Board, who possess the necessary skills to understand the duties and functions of the Committee and be familiar with corporate finance and accounting. Committee members and the Committee Chair will be selected by a vote of the Board.

Committee members are prohibited from being an employee of the Corporation or an immediate family member of an employee of the Corporation. In addition, Committee members shall not engage in any private business transactions with the Corporation or receive compensation from any private entity that has material business relationships with the Corporation, or be an immediate family member of an individual that engages in private business transactions with the Corporation or receives compensation from an entity that has material business relationships with the Corporation.

(2) Term

Committee members will serve for a period of five years subject to their term of office under Public Authorities Law § 1003. Committee members may be reelected to serve for additional periods of five years subject to their term of office. A Committee member may resign his or her position on the Committee while continuing to serve as a member of the Board. In the event of a vacancy on the Committee due to death, resignation or otherwise, a successor will be selected to serve in the manner and for the term described above.
(3) Removal

A Committee member may be removed if he or she is removed as a member of the Board for cause, subject to Public Authorities Law § 2827, or is no longer eligible to serve as a Committee member.

(4) Meetings and Quorum

The quorum of the Committee is a majority of the number of Committee members selected by the Board.

A majority vote of all Committee members present is required to take action on a matter.

The Committee shall hold regularly scheduled meetings at least twice per year. A Committee member may call a special meeting of the Committee individually, or upon the request of the Corporation’s President and Chief Executive Officer (“CEO”), Executive Vice President and Chief Operating Officer (“COO”), Executive Vice President and General Counsel (“GC”), Executive Vice President and Chief Financial Officer (“CFO”), Chief Risk Officer (“CRO”), Controller, or Chief Audit Executive of the Internal Audit Department (“CAE”). The notice of meeting need not state the purpose for which the meeting has been called. In order to transact business, a quorum must be present.

In addition, the Committee: (1) will meet at least twice a year with the CAE for the purpose of reviewing audit activities, audit findings, management’s response, remediation action plans, and providing the CAE with an opportunity to discuss items and topics of relevance with the Committee; (2) will meet at least twice a year with the Corporation’s independent auditors to discuss the audit work plans, objectives, results and recommendations; and (3) may meet independently with the Corporation’s CEO, COO, GC, CFO, CRO, Controller, or CAE on matters or issues and items within the Committee’s purview as it deems necessary. These meetings may be held as part of a regular or special meeting at the Committee’s discretion.

An agenda will be prepared and distributed to each Committee member prior to each meeting and minutes of each meeting will be prepared in accordance with the New York Open Meetings Law. Minutes of the meeting should include, at a minimum:

a. Date; location; time meeting was called to order and adjourned; and if other Board committee (e.g., Finance Committee) is meeting simultaneously.
b. Title and name of attendees; public comments period; title and name of public speakers.
c. Approval of the official proceedings of the previous month’s Committee meeting.
d. Pre-Approval of audit and non-auditing services as appropriate, all auditing services and non-audit services to be performed by independent auditors will be presented to and pre-approved by the Committee:
1. **External Audit Approach Plans**: Independent auditor presents approach/service plan, which is to be submitted to the Committee electronically;

2. **Internal Audit Activity Report**: CAE provides overview of Internal Audit activities; and

3. **Risk Management**: CRO provides an overview of Risk Management activities.

e. **Follow-up items** including communications to the Committee of the current status of selected open issues, concerns, or matters previously brought to the Committee’s attention or requested by the Committee.

f. **Status of audit activities**, as appropriate; representatives of the certified independent accounting firm or Corporation management will discuss with the Committee significant audit findings/issues, the status of on-going audits, and the actions taken by Corporation management to implement audit recommendations.

g. **Copies of handouts or materials** presented to the Committee.

Any meeting of the Committee may be conducted by video conferencing. To the extent permitted by law, the Committee may hold meetings or portions of meetings in executive session.

C. **FUNCTIONS AND POWERS**

The Committee has the following responsibilities:

(1) **General Powers**

The Committee may call upon the resources of the Corporation to assist the Committee in the discharge of its oversight functions. Such assistance may include the assignment of Corporation staff and the retention of external advisors subject to the requirements of the Public Authorities Law and the Corporation’s Expenditure Authorization Procedures. The Committee may communicate directly with the CEO.

The Committee may direct any Corporation employee to make oral or written reports to the Committee on issues and items within the Committee’s purview.

The Committee may direct the Corporation’s internal auditors to conduct special audits of items and issues of concern to the Committee.

(2) **Accounting, Financial Reporting, and Oversight of Independent Accountants and Controller**

The Committee will seek to enhance the integrity, quality, reliability, and accuracy of the Corporation’s financial statements and accompanying notes and will oversee the relationship with the Corporation’s independent accountants. To accomplish these objectives, the Committee will:
a. Provide advice to the Board on the selection, engagement, compensation, and discharge of the independent accountants.

b. Review and discuss as necessary the Corporation’s financial statements including any material changes in accounting principles and practices with the independent accountants, the Controller, or members of Corporation management.

c. Review and approve the Corporation’s annual audited financial statements (including the independent accountants’ associated management letter).

d. Oversee the establishment of procedures for the effective receipt and treatment of (i) complaints regarding auditing, internal auditing, and accounting matters, and (ii) the confidential submission of concerns raised by whistleblowers and other persons regarding accounting or auditing practices.

e. Review at least annually the scope, objectives, and results of the independent auditors’ examination of the annual financial statements and accompanying notes, and report to the Board on the Committee’s findings.

f. Assure the independence of the independent accountants by approving any non-audit work by them for the Corporation and examining the independent auditor’s relationship with the Corporation.

g. Report to the Board on any matters relevant to the audit process or independent accountant communications, and make such recommendations as the Committee deems appropriate.

(3) Risk Management, Internal Controls and Oversight of the Internal Audit Department

The Committee will seek to enhance the Corporation’s risk management infrastructure and ensure timely and effective identification and mitigation of critical business risks. To accomplish these objectives, the Committee will:

a. Have authority over appointment, dismissal, compensation, and performance reviews of the CAE. The CAE will report directly to the Committee.

b. Review the charter, activities, staffing and organizational structure of the Internal Audit Department with Corporation management and the CAE.

c. Ensure that the Internal Audit Department is organizationally independent from Corporation operations.

d. Provide oversight of the Internal Audit Department and its resources and activities to facilitate the Internal Audit Department’s improvement of internal controls.

e. Review Internal Audit reports and recommendations of the CAE. This review will include a discussion of significant risks reported in the Internal Audit reports, and
an assessment of the responsiveness and timeliness of management’s follow-up activities pertaining to the same.

f. Require the CAE to attend any meeting of the Committee and to prepare and deliver such reports as the Committee requests.

g. Provide guidance to the Corporation’s CRO and enterprise risk management program on critical business objectives, risks and philosophy and tolerance for risk mitigation, and establish requirements for the CRO to report to the Committee.

h. Report at least annually to the Board on matters relating to the internal audit function and the enterprise risk management program, and make such recommendations as the Committee deems appropriate.

i. Present periodic reporting to the Board on how the Committee has discharged its duties and met its responsibilities, and regularly report activities, issues and recommendations.

j. Review the Committee’s charter annually, reassess its adequacy, and recommend any proposed changes to the Board.

k. Conduct an annual self-evaluation of performance, including its effectiveness and compliance with the charter.

Standards Conformance

l. Inquire of the CAE about steps taken to ensure that the internal audit activity conforms with the IIA’s International Standards for the Professional Practice of Internal Auditing (Standards).

m. Ensure that the internal audit activity has a quality assurance and improvement program and that the results of these periodic assessments are presented to the Audit Committee.

n. Ensure that the internal audit activity has an external quality assurance review every five years.

o. Review the results of the independent external quality assurance review and monitor the implementation of the internal audit activity’s action plans to address any recommendations.

p. Advise the Board about any recommendations for the continuous improvement of the internal audit activity.
Memorandum

Date: July 28, 2020
To: THE TRUSTEES
From: THE AUDIT COMMITTEE
Subject: New York Power Authority Internal Audit Charter

SUMMARY

The Authority’s Trustees are requested to adopt the Authority’s Internal Audit Charter as set forth in Exhibit ‘A’ and recommended by the Audit Committee at its July 16, 2020 meeting.

BACKGROUND

The Authority’s Internal Audit Charter was last amended on October 5, 2018 to reflect reporting line changes and updates to audit processes. There were no additional changes to the Internal Audit Charter, and approval was granted by the Audit Committee at the July 9, 2019 Audit Committee meeting.

As a result of the Institute of Internal Auditors external quality assessment of Internal Audit in August 2019, recommendations were made to enhance the Authority’s Internal Audit Charter to further align with the Institute of Internal Auditors Standards.

FISCAL INFORMATION

None.

RECOMMENDATION

The Audit Committee recommends the adoption of the Authority’s Internal Audit Charter as presented and set forth in Exhibit ‘A’.

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

Eugene L. Nicandri
Chair – Audit Committee
RESOLUTION

RESOLVED, That the attached Authority Internal Audit Charter be adopted in the form proposed in Exhibit ‘A.’
Internal Audit Charter

Note: Revision # should be listed in descending order starting with most recent version at the top.

<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>6/9/2020</td>
<td>2</td>
<td>Update to Charter to align with the Institute of Internal Auditors International Professional Practices Framework (IPPF)</td>
<td>Various Sections</td>
<td>Angela Gonzalez SVP Internal Audit</td>
</tr>
<tr>
<td>10/5/2018</td>
<td>1</td>
<td>Update to Charter</td>
<td>Various Sections</td>
<td>Angela Gonzalez SVP Internal Audit</td>
</tr>
<tr>
<td>12/17/2015</td>
<td>0</td>
<td>Creation of Charter&lt;br&gt;This Charter replaces the Internal Audit Program Company Policy 5-1. There were 5 prior versions of the previous policy</td>
<td>N/A</td>
<td>Jennifer Faulkner SVP of Internal Audit</td>
</tr>
</tbody>
</table>
PURPOSE

Purpose
The mission of the Internal Audit (IA) function is to provide independent, objective audit and advisory services designed to add value, manage risks, and improve NYPA and Canal Corporation (NYPA and Canals) operations. IA helps the organization accomplish its objectives by bringing a systemic and disciplined approach to evaluating and improving the effectiveness of NYPA and Canals governance, risk management, and internal controls. This includes processes designed to evaluate the effectiveness and efficiency of operations, ability to execute on strategic initiatives, reliability of financial reporting, and compliance with applicable laws and regulations.

Standards for the Professional Practice of Internal Auditing

IA will govern itself by adherence to the mandatory elements of The Institute of Internal Auditors International Professional Practices Framework, including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the International Standards for the Professional Practice of Internal Auditing, and the Definition of Internal Auditing. The Chief Audit Executive (CAE) will report periodically to senior management and the Audit Committee of the Board of Trustees (Audit Committee) regarding the IA department’s conformance to the Code of Ethics and the Standards.

Authority
The CAE will report functionally to the Audit Committee and administratively (i.e., day-to-day operations) to the Executive Vice President & General Counsel. To establish, maintain, and assure that NYPA and Canals’ IA department has sufficient authority to fulfill its duties, the Audit Committee will:

- Approve the IA department’s charter.
- Approve the risk-based IA plan.
- Approve the IA department’s budget and resource plan.
- Receive communications from the CAE on the IA department’s performance relative to its plan and other matters.
- Approve decisions regarding the appointment and removal of the CAE.
- Approve the remuneration of the CAE.
- Make appropriate inquiries of management and the CAE to determine whether there is inappropriate scope or resource limitations.

The CAE will have unrestricted access to, and communicate and interact directly with, the Audit Committee, including private meetings without management present. The CAE will also have access to the Executive Management Committee (EMC).
The Audit Committee authorizes the IA department to:

- Have full, free, and unrestricted access to all functions, records, property, and personnel pertinent to carrying out any engagement, subject to accountability for confidentiality and safeguarding of records and information.
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques required to accomplish audit objectives, and issue reports.
- Obtain assistance from the necessary NYPA and Canals personnel, as well as other specialized services from within or outside NYPA and Canals, to complete the engagement.

Responsibilities

The CAE has the responsibility to:

- Submit, at least annually, to senior management and the Audit Committee a risk-based internal audit plan for review and approval.
- Communicate to senior management and the Audit Committee the impact of resource limitations on the internal audit plan.
- Review and adjust the internal audit plan, as necessary, in response to changes in NYPA and Canals’ business, risks, operations, programs, systems, and controls.
- Communicate to senior management and the Audit Committee any significant interim changes to the internal audit plan.
- Ensure each engagement of the internal audit plan is executed, including the establishment of objectives and scope, the assignment of appropriate and adequately supervised resources, the documentation of work programs and testing results, and the communication of engagement results with applicable conclusions and recommendations to appropriate parties.
- Follow up on engagement observations and corrective actions, and report periodically to senior management and the Audit Committee any corrective actions not effectively implemented.
- Ensure the principles of integrity, objectivity, confidentiality, and competency are applied and upheld.
- Ensure the IA department collectively possesses or obtains the knowledge, skills, and other competencies needed to meet the requirements of the IA charter.
- Ensure trends and emerging issues that could impact NYPA and Canals are considered and communicated to senior management and the Audit Committee as appropriate.
- Ensure emerging trends and successful practices in internal auditing are considered.
- Establish and ensure adherence to policies and procedures designed to guide the IA department.
- Ensure adherence to NYPA and Canals’ relevant policies and procedures, unless such policies and procedures conflict with the IA charter. Any such conflicts will be resolved or otherwise communicated to senior management and the Audit Committee.
- Ensure conformance of the IA department with the IIA Standards (Standards), with the following qualifications:
  - If the IA department is prohibited by law or regulation from conformance with certain parts of the Standards, the CAE will ensure appropriate disclosures and will ensure conformance with all other parts of the Standards.
  - If the Standards are used in conjunction with requirements issued by other authoritative bodies, the CAE will ensure that the IA department conforms with...
INDEPENDENCE AND OBJECTIVITY

Independence and Objectivity
The CAE will ensure that the IA department remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of audit selection, scope, procedures, frequency, timing, and report content. If the CAE determines that independence or objectivity may be impaired in fact or appearance, the details of impairment will be disclosed to appropriate parties.

Internal auditors will maintain an unbiased approach that allows them to perform engagements objectively and in such a manner that they believe in their work product, that no quality compromises are made, and that they do not subordinate their judgment on audit matters to others.

Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair their judgment, including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing any operational duties for NYPA and Canals or their affiliates.
- Initiating or approving transactions external to the IA department.
- Directing the activities of any NYPA and Canals employee not employed by the IA department, except to the extent that such employees have been appropriately assigned to audit teams or to otherwise assist internal auditors.

Where the CAE has or is expected to have roles and/or responsibilities that fall outside of internal auditing, safeguards will be established to limit impairments to independence or objectivity.

Internal auditors will:

- Disclose any impairment of independence or objectivity, in fact or appearance, to appropriate parties.
- Exhibit professional objectivity in gathering, evaluating, and communicating information about the activity or process under examination.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid conflicts of interest or undue influence with their own interests or by others in forming judgments.

The CAE will confirm to the Audit Committee, at least annually, the organizational independence of the IA department.

The CAE will disclose to the Audit Committee any interference or undue influence and their related implications in determining the scope of internal auditing, performing work, and/or communicating results.

Scope of Internal Audit Activities
The scope of internal audit activities encompasses, but is not limited to, objective examinations of evidence for the purpose of providing independent assessments to the Audit Committee,
management, and outside parties on the adequacy and effectiveness of governance, risk management, and control processes for NYPA and Canals. Internal audit assessments include evaluating whether:

- Risks relating to the achievement of NYPA and Canals’ strategic objectives are appropriately identified and managed.
- The actions of NYPA and Canals’ officers, directors, employees, contingent workers and contractors are in compliance with NYPA and Canals’ policies, procedures, and applicable laws, regulations, and governance standards.
- The results of operations or programs are consistent with established goals and objectives.
- Operations or programs are carried out effectively and efficiently.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact NYPA and Canals.
- Information and the means used to identify, measure, analyze, classify, and report such information are reliable and have integrity.
- Resources and assets are acquired economically, used efficiently, and protected adequately.
- Collaboration occurs among IA, Enterprise Risk Management and the Ethics and Compliance Office to report significant risk exposures and control issues, including fraud risks and governance issues.

The CAE also coordinates activities, where possible, and considers relying upon the work of other internal and external assurance and consulting service providers as needed. The IA department may perform advisory and related client service activities, the nature and scope of which will be agreed upon with the client, provided the IA department does not assume management responsibility.

QUALITY ASSURANCE AND IMPROVEMENT PROGRAM

IA will maintain a Quality Assurance and Improvement Program that covers all aspects of the IA function. The program will include an evaluation of the IA department’s conformance with the Standards and an evaluation of whether internal auditors apply The IIA’s Code of Ethics. The program will also assess the efficiency and effectiveness of the IA department and identify opportunities for improvement.

The CAE will communicate to senior management and the Audit Committee on the IA department’s Quality Assurance and Improvement Program, including results of internal assessments (both ongoing and periodic) and external assessments conducted at least once every five years by a qualified, independent assessor or assessment team from outside NYPA and Canals.

MANAGING THE INTERNAL AUDIT FUNCTION

The CAE is delegated the authority and discretion to perform audit and advisory services and to oversee the IA function. The CAE will promote a strong control environment and emulate appropriate “tone at the top.” The CAE will also be responsible for maintaining a professional IA department which possess sufficient knowledge, skills, experience, and professional qualifications to meet the requirements of the IA charter.

In addition, the CAE will be responsible for overseeing the following aspects of the IA function:

- Developing and overseeing the execution of IA work programs which should address
the appropriate scope and techniques required to achieve the audit objectives.

- Overseeing the development of work papers that meet the quality standards required by management and are consistent with audit professional standards.
- Coordinating alignment with other risk management and compliance functions.
- Serving as a business partner to proactively identify risks and support execution of NYPA and Canals strategies.
- Maintaining updated job descriptions, roles, and competencies for each staff level and updating the organizational chart as necessary.
- Periodically reviewing critical hiring and recruiting needs as well as competency gaps.
- Developing staff with skills that can be transferred to other areas of the business.
- Aligning to professional standards and serving as a training and talent development organization within NYPA and Canals.
- Effectively onboarding IA new hires and providing core training materials as well as ongoing training and development that correlates to competency and career planning.
- Developing and deploying effective methodologies to execute the function’s mandate.
- Assessing and identifying appropriate technologies required to support the function and add value to NYPA and Canals.

**NATURE OF WORK**

IA will develop an annual audit plan based on the prioritization of the audit universe, an appropriate risk-based methodology, and input from management and the Audit Committee. The established audit universe defines the auditable entities and risks that IA will monitor and mitigate. These elements will include operational, financial, compliance and strategic risk, as well as information technology. IA will generally perform three categories of IA activities:

- **Audits** – IA will provide independent assurance activities of the performance of NYPA and Canals governance, risk management and control processes.
- **Assessments** – IA will provide independent assessment activities focused on process improvement opportunities, risk identification and mitigation within new processes and initiatives.
- **Advisory** – IA will provide various consulting activities in either documented form or real-time feedback applied to new processes, initiatives, or other identified management requests. IA is considered a partner and trusted advisor in these efforts.

**ENGAGEMENT PLANNING AND AUDIT PERFORMANCE**

IA will perform an annual risk assessment to create an Internal Audit plan. As part of the risk assessment, IA will consider feedback from management at various levels, emerging risks, strategic objectives, prior years’ internal audit results, and significant upcoming industry and organizational changes, among others, to understand risks faced by NYPA and Canals. In addition to the development and execution of the Internal Audit plan, IA will be responsible for budget and resource allocation, managing personnel assigned to projects, scope determination, and communication protocols with management for each of its projects.
IA will execute the annual audit plan, including as appropriate, any special projects requested by the Audit Committee, the CEO and/or applicable members of management. As part of audit execution, IA will be responsible for:

- Establishing end-to-end audit timelines including ongoing risk monitoring activities, planning, and fieldwork, required status meetings and reporting.
- Establishing an understanding with the business regarding audit objectives, scope, timelines, and reporting of observations and recommendations.
- Using all records, personnel, and physical properties within NYPA and Canals in an ethical manner, and in accordance with NYPA and Canals policies and procedures, to avoid undue interruption of normal operations.
- Taking responsibility for employee privacy and confidentiality of information obtained during audit projects.

**COMMUNICATING RESULTS**

The CAE will report periodically to senior management and the Audit Committee regarding:

- The IA department’s purpose, authority, and responsibility.
- The IA department’s plan and performance relative to its plan.
- The IA department’s conformance with the IIA’s Code of Ethics and Standards, and action plans to address any significant conformance issues.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other matters requiring the attention of, or requested by, the Audit Committee.
- Results of audit engagements or other activities.
- Resource requirements.
- Any response to risk by management that may be unacceptable to NYPA and Canals.

Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during engagements. These opportunities will be communicated to the appropriate level of management.

IA will review IA reports and communicate all observations with appropriate management in a manner that will allow management to assess the adequacy of internal controls and understand remediation factors that should take place. All observations will be agreed upon with management prior to report issuance. In addition, IA will execute a report rating process whereby observations and reports will be rated against a scale of pre-defined criteria. Observations will be rated on a scale of High, Medium, and Low, and reports will be evaluated as Good, Satisfactory, Needs Improvement and Unsatisfactory. Ratings will be relative to the individual observation, risk categories, or risks to NYPA and Canals and may consider materiality or potential impact.

IA will provide reasonable and appropriate recommendations for corrective action plans (i.e., management action plans and/or management recommendations) which management will agree to and provide IA with an action owner and timeline by which remediation is expected.

**MONITORING PROCESS**

Management action plans will be monitored on a monthly basis. Any recommended action that, in the judgment of IA, does not receive adequate attention will be escalated to an
appropriate level of management for resolution. The escalation process may involve successive levels of management and may include the EMC, the CEO, and the Audit Committee in the event a high rated observation is not timely or satisfactorily resolved. Management of the audited organization shall be notified of the intent to escalate a particular issue and will be encouraged to participate in its resolution.

Approval/Signatures

Angela Gonzalez 6/8/2020

______________________________  __________________________
Chief Audit Executive       Date

______________________________  __________________________
Board/Audit Committee Chair  Date

______________________________  __________________________
Chief Executive Officer       Date
Internal Audit Charter

Note: Revision # should be listed in descending order starting with most recent version at the top.

<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>4/5/2018</td>
<td>1</td>
<td>Update to Charter</td>
<td>Various Sections</td>
<td>Angela Gonzalez SVP Internal Audit</td>
</tr>
<tr>
<td>12/17/2015</td>
<td>0</td>
<td>Creation of Charter</td>
<td>N/A</td>
<td>Jennifer Faulkner SVP Internal Audit</td>
</tr>
<tr>
<td>6/9/2020</td>
<td>1</td>
<td>Update to Charter to align with the Institute of Internal Auditors International Professional Practices</td>
<td>Various Sections</td>
<td>Angela Gonzalez SVP Internal Audit</td>
</tr>
<tr>
<td>[Revision Date]</td>
<td>1</td>
<td>Update to Charter</td>
<td>Various Sections</td>
<td>Angela Gonzalez SVP Internal Audit</td>
</tr>
<tr>
<td>12/17/2015</td>
<td>0</td>
<td>Creation of Charter</td>
<td>N/A</td>
<td>Jennifer Faulkner SVP Internal Audit</td>
</tr>
</tbody>
</table>
PURPOSE

Purpose:
The mission of the Internal Audit (IA) function is to provide independent, objective audit and advisory consulting services designed to add value, manage risks and improve NYPA and Canal Corporation (NYPA and Canals) operations. IA helps the organization accomplish its objectives by bringing a systemic and disciplined approach to evaluating and improving the effectiveness of NYPA and Canals governance, risk management, and internal controls. This includes processes designed to evaluate the effectiveness and efficiency of operations, ability to execute on strategic initiatives, reliability of financial reporting, and compliance with applicable laws and regulations. IA will align to professional standards and serve as a training and talent development organization within NYPA.

Standards for the Professional Practice of Internal Auditing

IA will govern itself by adherence to the mandatory elements of The Institute of Internal Auditors International Professional Practices Framework, including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the International Standards for the Professional Practice of Internal Auditing, and the Definition of Internal Auditing. The Chief Audit Executive (CAE) will report periodically to senior management and the Audit Committee of the Board of Trustees (Audit Committee) regarding the IA department’s conformance to the Code of Ethics and the Standards.

Authority:
The CAE will report functionally to the Audit Committee and administratively (i.e., day-to-day operations) to the Executive Vice President & General Counsel. To establish, maintain, and assure that NYPA and Canals’ IA department has sufficient authority to fulfill its duties, the Audit Committee will:

- Approve the IA department’s charter.
- Approve the risk-based IA plan.
- Approve the IA department’s budget and resource plan.
- Receive communications from the CAE on the IA department’s performance relative to its plan and other matters.
- Approve decisions regarding the appointment and removal of the CAE.
- Approve the remuneration of the CAE.
- Make appropriate inquiries of management and the CAE to determine whether there is inappropriate scope or resource limitations.

The CAE will have unrestricted access to, and communicate and interact directly with, the Audit Committee, including private meetings without management present. The CAE will also have access to the Executive Management Committee (EMC).
The Audit Committee authorizes the IA department to:

- Have full, free, and unrestricted access to all functions, records, property, and personnel pertinent to carrying out any engagement, subject to accountability for confidentiality and safeguarding of records and information.
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques required to accomplish audit objectives, and issue reports.
- Obtain assistance from the necessary NYPA and Canals personnel, as well as other specialized services from within or outside NYPA and Canals, to complete the engagement.

IA, with accountability for strict confidentiality and safeguarding of records and information, is authorized full and unrestricted access to any and all of NYPA and Canals records, physical properties, and personnel pertinent to carrying out any IA engagement in accordance with applicable governance requirements. All employees are requested to assist IA in fulfilling its roles and responsibilities. IA, through the SVP of Internal Audit/Chief Audit Executive (CAE), will also have full and unrestricted access to the Board of Trustees (the Board) and/or Audit Committee (AC) of the Board, which is governed by the Audit Committee Charter. The CAE will also have access to the Executive Management Committee (EMC).

**Responsibilities:**

The CAE has the responsibility to:

- Submit, at least annually, to senior management and the Audit Committee a risk-based internal audit plan for review and approval.
- Communicate to senior management and the Audit Committee the impact of resource limitations on the internal audit plan.
- Review and adjust the internal audit plan, as necessary, in response to changes in NYPA and Canals' business, risks, operations, programs, systems, and controls.
- Communicate to senior management and the Audit Committee any significant interim changes to the internal audit plan.
- Ensure each engagement of the internal audit plan is executed, including the establishment of objectives and scope, the assignment of appropriate and adequately supervised resources, the documentation of work programs and testing results, and the communication of engagement results with applicable conclusions and recommendations to appropriate parties.
- Follow up on engagement observations and corrective actions, and report periodically to senior management and the Audit Committee any corrective actions not effectively implemented.
- Ensure the principles of integrity, objectivity, confidentiality, and competency are applied and upheld.
- Ensure the IA department collectively possesses or obtains the knowledge, skills, and other competencies needed to meet the requirements of the IA charter.
- Ensure trends and emerging issues that could impact NYPA and Canals are considered and communicated to senior management and the Audit Committee as appropriate.
- Establish and ensure adherence to policies and procedures designed to guide the IA department.
• Ensure adherence to NYPA and Canals’ relevant policies and procedures, unless such policies and procedures conflict with the IA charter. Any such conflicts will be resolved or otherwise communicated to senior management and the Audit Committee.
• Ensure conformance of the IA department with the IIA Standards (Standards), with the following qualifications:
  • If the IA department is prohibited by law or regulation from conformance with certain parts of the Standards, the CAE will ensure appropriate disclosures and will ensure conformance with all other parts of the Standards.
  • If the Standards are used in conjunction with requirements issued by other authoritative bodies, the CAE will ensure that the IA department conforms with the Standards, even if the IA department also conforms with the more restrictive requirements of other authoritative bodies.

IA will develop an annual audit plan based on the prioritization of the audit universe, an appropriate risk-based methodology, and input from management and the Board and/or AC with the following responsibilities:
• Evaluating risk exposure relating to achievement of the organization’s strategic objectives.
• Evaluating the reliability and integrity of information and the means used to identify, measure, classify, and report such information.
• Evaluating the systems established to validate compliance with those policies, plans, procedures, laws, and regulations which could have a significant impact on the organization.
• Evaluating the effectiveness and efficiency with which resources are employed.
• Perform consulting and advisory services related to governance, risk management and control as appropriate for the organization.
• Report periodically on IA’s purpose, authority, responsibility, and performance relative to its plan.
• Collaborate with Enterprise Risk Management and the Ethics and Compliance Office and report significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by
• Evaluate specific operations at the request of the Board and/or AC or management, as appropriate.
• Track open recommendations to ensure proper closure and remediation to improve the organization’s internal control environment.

INDEPENDENCE AND OBJECTIVITY

Independence and Objectivity
The CAE will ensure that the IA department remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of audit selection, scope, procedures, frequency, timing, and report content. If the CAE determines that independence or objectivity may be impaired in fact or appearance, the details of impairment will be disclosed to appropriate parties. Internal auditors will maintain an unbiased approach that allows them to perform engagements objectively and in such a manner that they believe in their work product, that no quality...
compromises are made, and that they do not subordinate their judgment on audit matters to others.

Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair their judgment, including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing any operational duties for NYPA and Canals or their affiliates.
- Initiating or approving transactions external to the IA department.
- Directing the activities of any NYPA and Canals employee not employed by the IA department, except to the extent that such employees have been appropriately assigned to audit teams or to otherwise assist internal auditors.

Where the CAE has or is expected to have roles and/or responsibilities that fall outside of internal auditing, safeguards will be established to limit impairments to independence or objectivity.

Internal auditors will:

- Disclose any impairment of independence or objectivity, in fact or appearance, to appropriate parties.
- Exhibit professional objectivity in gathering, evaluating, and communicating information about the activity or process under examination.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid conflicts of interests or undue influence with their own interests or by others in forming judgments.

The CAE will confirm to the Audit Committee, at least annually, the organizational independence of the IA department.

The CAE will disclose to the Audit Committee any interference or undue influence and their related implications in determining the scope of internal auditing, performing work, and/or communicating results.

**Scope of Internal Audit Activities**

The scope of internal audit activities encompasses, but is not limited to, objective examinations of evidence for the purpose of providing independent assessments to the Audit Committee, management, and outside parties on the adequacy and effectiveness of governance, risk management, and control processes for NYPA and Canals. Internal audit assessments include evaluating whether:

- Risks relating to the achievement of NYPA and Canals’ strategic objectives are appropriately identified and managed.
- The actions of NYPA and Canals’ officers, directors, employees, contingent workers and contractors are in compliance with NYPA and Canals’ policies, procedures, and applicable laws, regulations, and governance standards.
- The results of operations or programs are consistent with established goals and objectives.
- Operations or programs are carried out effectively and efficiently.

Printed copies are not controlled.
Records will be retained in accordance with NYPA’s approved records retention schedules and/or in compliance with all applicable legal requirements pertaining to NYPA.
Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact NYPA and Canals.

Information and the means used to identify, measure, analyze, classify, and report such information are reliable and have integrity.

Resources and assets are acquired economically, used efficiently, and protected adequately.

Collaboration occurs among IA, Enterprise Risk Management and the Ethics and Compliance Office to report significant risk exposures and control issues, including fraud risks and governance issues.

The CAE also coordinates activities, where possible, and considers relying upon the work of other internal and external assurance and consulting service providers as needed. The IA department may perform advisory and related client service activities, the nature and scope of which will be agreed upon with the client, provided the IA department does not assume management responsibility.

The IA function will carry out its responsibilities free from interference by any element (e.g. person, group, business unit, policy, procedure, technology) within the organization, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of necessary independence and objectivity.

IA will have no direct operational responsibility or authority over any of the activities audited. Accordingly, they will not implement internal controls, develop procedures, install systems, prepare records, provide approvals or engage in any other activity that may impair IA’s judgment.

IA must exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process under examination. Internal auditors must make a balanced assessment of the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.

IA will confirm to the AC of the Board, the CEO and applicable members of management, at least annually, the organizational independence of the IA function.

Proficiency and due professional care

IA will govern itself in accordance with the Institute of Internal Auditors’ mandatory guidance including the Definition of Internal Auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing (Standards). This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of IA’s performance.

QUALITY ASSURANCE AND IMPROVEMENT PROGRAM

IA will maintain a Quality Assurance and Improvement Program that covers all aspects of the IA function. The program will include an evaluation of the IA department’s conformance with the Standards and an evaluation of whether internal auditors apply The IIA’s Code of Ethics. The program will also assess the efficiency and effectiveness of the IA department and identify opportunities for improvement.
The CAE will communicate to senior management and the Audit Committee on the IA department's Quality Assurance and Improvement Program, including results of internal assessments (both ongoing and periodic) and external assessments conducted at least once every five years by a qualified, independent assessor or assessment team from outside NYPA and Canals.

IA will maintain a Quality Assurance and Improvement Program that covers all aspects of the Internal Audit function. As part of this program, it will include conducting a quality review for select internal audit projects periodically throughout the year, to verify quality standards of IA's work products.

## MANAGING THE INTERNAL AUDIT FUNCTION

The CAE is delegated the authority and discretion to perform audit and advisory consulting services and to oversee the IA function. The CAE will promote a strong control environment and emulate appropriate "tone at the top." The CAE will also be responsible for maintaining a professional IA department which possess sufficient knowledge, skills, experience, and professional qualifications to meet the requirements of the IA charter.

In addition, the CAE will be responsible for overseeing the following aspects of the IA function:

- Developing and overseeing the execution of IA work programs which should address the appropriate scope and techniques required to achieve the audit objectives.
- Overseeing the development of work papers that meet the quality standards required by management and are consistent with audit professional standards.
- Coordinating alignment with other risk management and compliance functions.
- Serving as a business partner to proactively identify risks and support execution of NYPA and Canals strategies.
- Maintaining updated job descriptions, roles, and competencies for each staff level and updating the organizational chart as necessary.
- Periodically reviewing critical hiring and recruiting needs as well as competency gaps.
- Developing staff with skills that can be transferred to other areas of the business.
- Aligning to professional standards and serving as a training and talent development organization within NYPA and Canals.
- Effectively onboarding IA new hires and providing core training materials as well as ongoing training and development that correlates to competency and career planning.
- Developing and deploying effective methodologies to execute the function's mandate.
- Assessing and identifying appropriate technologies required to support the function and add value to NYPA and Canals.

## NATURE OF WORK

IA will develop an annual audit plan based on the prioritization of the audit universe, an appropriate risk-based methodology, and input from management and the Audit Committee. The IA will establish an audit universe to define the auditable entities and risks that IA will monitor and mitigate. These elements will include operational, financial, compliance and strategic risk, as well as information technology. IA will generally perform...
three categories of IA activities:

- **Audits** – IA will provide independent assurance activities of the performance of NYPA and Canals governance, risk management and control processes.
- **Assessments** – IA will provide independent advisory activities focused on process improvement opportunities, risk identification and mitigation within new processes and initiatives.
- **Advisory Consulting** – IA will provide various consulting activities in either documented form or real-time feedback applied to new processes, initiatives or other identified management requests. IA is considered a partner and trusted advisor in these efforts.

7 ENGAGEMENT PLANNING AND AUDIT PERFORMANCE

IA will perform an annual risk assessment to create an Internal Audit plan. As part of the risk assessment, IA will consider feedback from management at various levels, emerging risks, strategic objectives, prior years’ internal audit results, and significant upcoming industry and organizational changes, among others, to understand risks faced by NYPA and Canals. In addition to the development and execution of the Internal Audit plan, IA will be responsible for budget and resource allocation, managing personnel assigned to projects, scope determination, and communication protocols with management for each of its projects.

IA will execute the annual audit plan, including as appropriate, any special projects requested by the Audit Committee of the Board, the CEO and/or applicable members of management. As part of audit execution, IA will be responsible for:

- Establishing end-to-end audit timelines including ongoing risk monitoring activities, planning, and fieldwork, required status meetings and reporting.
- Establishing an understanding with the business regarding audit objectives, scope, timelines, and reporting of observations and recommendations.
- Using all records, personnel and physical properties within NYPA and Canals in an ethical manner, and in accordance with NYPA and Canals policies and procedures, to avoid undue interruption of normal operations.
- Taking responsibility for employee privacy and confidentiality of information obtained during audit projects.

8 COMMUNICATING RESULTS

The CAE will report periodically to senior management and the Audit Committee regarding:

- The IA department’s purpose, authority, and responsibility.
- The IA department’s plan and performance relative to its plan.
- The IA department’s conformance with The IIA’s Code of Ethics and Standards, and action plans to address any significant conformance issues.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other matters requiring the attention of, or requested by, the Audit Committee.
- Results of audit engagements or other activities.
- Resource requirements.
- Any response to risk by management that may be unacceptable to NYPA and Canals.
Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during engagements. These opportunities will be communicated to the appropriate level of management.

IA will review IA reports and communicate all observations with appropriate management in a manner that will allow management to assess the adequacy of internal controls and understand remediation factors that should take place. All observations will be agreed upon with management prior to report issuance. In addition, IA will execute a report rating process whereby observations and reports will be rated against a scale of pre-defined criteria. Observations will be rated on a scale of High, Medium and Low, and reports will be evaluated as Good, Satisfactory, Needs Improvement and Unsatisfactory. Ratings will be relative to the individual observation, risk categories, or risks to NYPA and Canals and may consider materiality or potential impact.

IA will provide reasonable and appropriate recommendations for corrective action plans (i.e., management action plans and/or management recommendations) which management will agree to, and provide IA with an action owner and timeline by which remediation is expected.

**MONITORING PROCESS**

Management action plans will be monitored on a monthly basis. Any recommended action that, in the judgment of IA, does not receive adequate attention will be escalated to an appropriate level of management for resolution. The escalation process may involve successive levels of management and may include the EMC, the CEO, and the Audit Committee/or AC of the Board in the event a high rated observation is not timely or satisfactorily resolved. Management of the audited organization shall be notified of the intent to escalate a particular issue and will be encouraged to participate in its resolution. IA will regularly report observations to management and the AC and/or Board through regular reporting and meetings. Regular reporting to management creates visibility into key processes and activities and enables management to address observations timely.

**Approval/Signatures**

_________________________________ _________________  
Chief Audit Executive    Date

_________________________________ _________________  
Board/Audit Committee Chair                     Date
4g. Cyber & Physical Security Committee Report: (Chair Michael Balboni)

[Oral Report Only]
Date: July 28, 2020
To: THE TRUSTEES
From: THE PRESIDENT and CHIEF EXECUTIVE OFFICER
Subject: Expansion Power Allocation

SUMMARY

The Trustees are requested to approve an allocation of 700 kilowatts ("kW") of Expansion Power ("EP") to Western New York Energy, LLC ("WNY Energy") to support the company’s proposed expansion at its existing facility located at 4141 Bates Road in Medina (Orleans County). The project is discussed in detail below and in Exhibit “A.”

BACKGROUND

Under Public Authorities Law ("PAL") §1005(13), the New York Power Authority ("NYPA" or “Authority”) may contract to allocate 250 megawatts ("MW") of firm hydroelectric power as EP and up to 445 MW of Replacement Power ("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 are 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 gauge support for the projects that would be supported with allocations of Authority hydropower. Discussions routinely occur with National Grid, New York State Electric & Gas, Empire State Development, Invest Buffalo Niagara, the Niagara County Center for Economic Development, and the Erie County Industrial Development Agency (collectively, the “Economic Development Entities”) to coordinate other economic development incentives that may help bring economic development to New York State. Staff confers with Economic Development Entities to help maximize the value of hydropower to improve the economy of Western New York and the State of New York. Each organization has expressed support for today’s recommended EP allocation.
At this time, 64,395 kW of unallocated EP and 89,836 kW of unallocated RP is available to be awarded to businesses under the criteria set forth in PAL §1005(13)(a).

DISCUSSION

Established in 2004, WNY Energy is a major producer of ethanol for a variety of industries. Due to the COVID-19 pandemic, the company has modified its operations beyond the production of fuel ethanol to produce technical grade ethanol which is used in hand sanitizers. The company now provides clients with ethanol needed to produce sanitizer in response to the global pandemic. WNY Energy can produce up to 150,000 gallons per day of technical grade ethanol.

The company currently employs approximately 47 people at their Medina facility. WNY Energy currently has 5,000 kW of RP supporting existing operations with an employment commitment of 40 jobs.

WNY Energy is proposing to construct an 8,000 square-foot addition to its existing facility to support the production of technical grade and beverage grade ethanol. The company would also be making significant machinery and equipment purchases as part of its expansion project.

WNY Energy’s expansion project would involve a capital investment of at least $17.5 million to accommodate construction and machinery and equipment purchases. Construction costs would represent a capital investment expenditure of at least $120,000 which includes building costs, the loading and storage of finished products, the installation of a concrete pad, and the placement of newly purchased machinery and equipment.

Machinery and equipment purchases would collectively represent a capital investment expenditure of at least $17.38 million. New distillation columns, pumps, agitators, condensers, rectifiers, control valves, temperature and pressure gauges, flowmeters, piping, and insulation would be purchased in connection with the expansion project.

WNY Energy plans to have the expansion completed in 2021. The company also anticipates additional expansion opportunities at the Medina facility in the future.

The company would commit to the creation of 10 new, permanent, full-time jobs that would be located at the Medina facility. The average compensation/benefits are estimated to be $73,910 per job.

The company applied for 1,000 kW of hydropower in connection with the expansion. Staff recommends an allocation of EP in the amount of 700 kW for a term of ten years.

The job creation ratio for the proposed allocation of 700 kW is 14 new jobs per MW. This ratio is below the historic average of 65 new jobs per MW based on allocations previously awarded. The total investment of at least $17.5 million would result in a capital investment ratio of $25 million per MW. This ratio is above the historic average of $17.2 million per MW.

The Economic Development Entities have expressed support for the recommended allocation to WNY Energy.
CONTRACT INFORMATION

If approved, the new allocation would be added to the customer’s existing contract relating to the sale of Authority hydropower for use at the facility. Authority Service Tariff No. WNY-2 (“ST WNY-2”) would also apply to the sale of the allocation. The following is a summary of the matters addressed in the contract and ST WNY-2:

- Base rates for demand and energy, an annual adjustment factor, and a minimum monthly charge which helps the Authority cover fixed costs of serving a customer even when the customer does not utilize the allocation in a billing period.

- Direct billing of all production charges (i.e., demand and energy) as well as all New York Independent System Operator, Inc. charges, taxes, and any other required assessments.

- The provision of substitute energy in the event of hydropower curtailments caused by adverse water conditions that impact power project operations.

- Basic requirements for customer metering.

- Early outreach to the customer concerning allocation extension initiatives by the Authority.

- Requirements for energy audits at the facility receiving the allocation. The customer would have the option to satisfy the audit requirement through either a traditional physical audit, or a virtual audit using the Authority’s New York Energy Manager which is expected to provide considerable savings for customers that select it.

- Periodic communications to customer about energy-related projects, programs and services offered by the Authority.

- Compliance provisions that allow the Authority to reduce a customer’s allocation for a failure to meet supplemental commitments, with an opportunity for the customer to present a proposed plan with actionable milestones to cure deficiencies.

- The collection of a Zero Emission Credit Charge and Monthly Renewable Energy Credit Charge to allow the Authority to recover costs it incurs relating to its purchase of Zero Emission Credits and Renewable Energy Credits attributable to the customer’s load.

RECOMMENDATION

The Senior Vice President – Clean Energy Solutions recommends that the Trustees approve an allocation of 700 kW of Expansion Power to Western New York Energy, LLC as described herein and in Exhibit “A” for a term of ten years.

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

Gil C. Quiniones
President and Chief Executive Officer
RESOLUTION

RESOLVED, That an allocation of 700 kilowatts of Expansion Power awarded to Western New York Energy, LLC for a term of 10 years as detailed in the foregoing memorandum of the President and Chief Executive Officer ("Memorandum") and Exhibit "A," be and hereby is approved, subject to rates previously approved by the Trustees; and be it further

RESOLVED, That the Chairman, the Vice Chair, 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.
**APPLICATION SUMMARY**

Expansion Power ("EP")

| Company: | Western New York Energy, LLC ("WNY Energy") |
| Location: | Medina, NY |
| County: | Orleans County |
| IOU: | National Grid |

**Business Activity:** The company is a manufacturer of ethanol used for industrial purposes.

**Project Description:** WNY Energy is proposing to diversify its operations beyond the production of fuel ethanol. The project includes expanding into the markets of beverage grade and various industrial grades of alcohol. This includes technical grade ethanol which is used in sanitizer production.

**Existing Allocation(s):** 5,000 kilowatts ("kW") of Replacement Power ("RP")

**Power Request:** 1,000 kW of EP

**Power Recommended:** 700 kW of EP

**Job Commitment:**
- **Base:** 47
- **New:** At least 10 jobs

**New Jobs/Power Ratio:** 14 jobs/MW

**New Jobs - Avg. Wage and Benefits:** $73,910

**Capital Investment:** At least $17.5 million

**Capital Investment/MW:** $25 million/MW

**Other ED Incentives:** Orleans County Industrial Development Agency

**Summary:** WNY Energy is proposing to expand its operations into higher grades of alcohol. The company has currently modified operations to supply clients with ethanol used to produce sanitizer amidst the COVID-19 pandemic. This has created new business opportunities and the project would further expand ethanol production to meet the increased demand for sanitizer.

The project includes the construction of a new 8,000 square foot addition to the existing facility as well as large-scale machinery and equipment purchases. An allocation of low-cost hydropower, along with additional state support, could incentivize WNY Energy to consider additional expansion opportunities at the Medina facility in the future.
SUMMARY

The Trustees are requested to authorize the extension of each of the 6 allocations of Recharge New York (“RNY”) Power (“Allocation” or collectively “Allocations”) awarded to the businesses listed in Exhibit “A” as described below for a term of 7 years, to commence on the expiration of each such Allocation, or in the Authority’s discretion, on a date to be agreed upon by the Authority and the customer for a term not to exceed 7 years (collectively, the “Extended Term”), subject to the following conditions:

a) A customer whose Allocation would be extended would have to agree to provide supplemental commitments for, among other things, jobs and capital investments, as it has in its current RNY Power agreement(s) with the Authority (collectively, “Current RNY Power Agreement”) for the length of any Extended Term, through the incorporation of such supplemental commitments in the proposed final contract that is executed by the parties. With respect to capital investments, the vast majority of RNY Power customers (i.e., those who do not have project/expansion capital investment commitments) would be expected to meet a minimum capital investment commitment.

b) Unless otherwise noted, each of the customers identified in Exhibit “A” is in compliance with its contractual obligations to the Authority under its Current RNY Power Agreement.

In addition, the Trustees are requested to approve a modification to an existing RNY Power allocation and associated commitments for the customer listed in Exhibit “B.”

Lastly, the Trustees are requested to award new allocations of RNY Power available for “retention” purposes to the businesses listed in Exhibit “C” in the amounts indicated therein, award new allocations of RNY Power available for “expansion” purposes to the businesses listed in Exhibit “D” in the amounts indicated therein, and award new allocations of RNY Power available for eligible small businesses and/or not-for-profit corporations to the entities listed in Exhibit “E” in the amounts indicated therein.

The sale of any Allocation as proposed herein would be governed by the form of the RNY Power contract that was approved by the Trustees on March 26, 2019, and existing Authority Service Tariff RNY-1.

All of the above actions have been recommended by the Economic Development Power Allocation Board (“EDPAB”) at its July 27, 2020 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. The RNY Power Program is codified primarily in Economic Development Law (“EDL”) §188-a and Public Authorities Law §1005(13-a) (the “RNY Statutes”). The program makes available 910 megawatts (“MW”) of “RNY Power,” 50% of which will be provided by certain Authority 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 7 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.

As part of Governor 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.

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.

“Eligible applicant” is defined by statute 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.

RNY Power allocation awards are comprised of 50% hydropower and 50% Authority-procured market power. 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 the RNY power allocation, the Authority shall offer each eligible applicant the option to decline to purchase the RNY market power component of such allocation. If an eligible applicant declines to purchase the RNY market power component, the Authority has no responsibility for supplying such market power to the eligible applicant.

Under applicable law, applications for RNY Power are first considered by EDPAB. EDPAB is authorized to recommend applicants to the Authority’s Trustees that it believes should receive an award of RNY Power based on applicable statutory criteria and other pertinent considerations. The criteria provided for in the RNY Statutes are summarized in Exhibit “G” to this memorandum. An allocation recommended by EDPAB qualifies the subject applicant to enter into a contract with the Authority for the purchase of the RNY Power if the Authority makes an allocation award.
In arriving at recommendations 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.

Unless otherwise noted in Exhibits “C,” “D,” and “E,” new 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. Unless otherwise noted in Exhibit “E,” 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. Although not applicable in the recommendations presented herein, applicants currently receiving hydropower allocations under other Authority power programs are typically recommended for allocations of RNY Power of 25% of the requested amount, subject to the caps as stated above.

RNY Power allocation extensions have been awarded by the Trustees on seven prior occasions spanning from October 2018 through May 2020. These recommendations pertain to existing RNY Power customers receiving an Extended Term of 7 years.

RNY Power allocations pertaining to new applicants have been awarded by the Trustees on twenty-seven prior occasions spanning from April 2012 through May 2020. Of the 200 MW block of RNY Power made available pursuant to Chapter 60 for business “expansion” purposes, 88.9 MW remain unallocated. Of the 100 MW block of RNY Power that is set aside for not-for-profit corporations and small businesses pursuant to Chapter 60, 4.3 MW remain unallocated. Of the remaining RNY Power made available pursuant to Chapter 60, 129.4 MW remain unallocated. These figures reflect Trustee actions on RNY Power applications taken prior to any actions the Trustees take today.

EDPAB, at its meeting held on July 27, 2020, recommended that the Trustees approve extensions for the 6 RNY Power allocations that are listed in Exhibit “A.” EDPAB also recommended that the Trustees approve the modifications related to the RNY Power allocation described in Exhibit “B” for the reasons discussed below and in Exhibit “B.” In addition, EDPAB recommended that each of the applicants identified in Exhibits “C,” “D,” and “E” be awarded an RNY Power allocation in the amounts indicated in these respective Exhibits.¹

Consistent with provisions of the RNY Statutes, EDPAB recommended that the contract for the sale of these allocations contain:

(1) provisions for 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 commitments, relating to such things as employment levels, power utilization, capital investments, and/or energy efficiency measures;

(2) requirements for an agreement by the recipient of an allocation undertake, at its own expense, an energy audit of its facilities at which the allocation is consumed modified

¹ EDPAB also recommended the termination of the application review process for the applicant listed in Exhibit “F” for the reasons discussed in Exhibit “F.” No action is required by the Trustees.
by the Authority on a showing of good cause by the recipient, and that the recipient provide the Authority with a copy of any such audit or a report describing the results of such audit;

(3) a requirement for an agreement by the recipient of an allocation to make its facilities available at reasonable times and intervals for energy audits and related assessments that the Authority desires to perform; and

(4) a recommendation shall require that if the actual metered load at the facility where the allocation is utilized is less than the allocation, such allocation will be reduced accordingly.

The sale of RNY Power allocations that are awarded by the Trustees today would be governed by the form of RNY Power contract that was approved by the Trustees on March 26, 2019, and Authority Service Tariff RNY-1. The terms and conditions in the RNY Power contract form are consistent with the terms and conditions recommended by EDPAB as described above.

DISCUSSION

1. Extension of Existing Allocations

For the current round of recommendations, Authority staff has reviewed applications from 6 RNY Power customers listed on Exhibit “A” who are seeking extensions, and a copy of each application has been made available to the Board. Staff’s review has consisted of a review on a customer-specific basis of such issues as the amount of each Allocation that would be extended, the supplemental commitments that these customers have made under their Current RNY Power Agreement and are prepared to make as consideration for an extension, and the customer’s compliance status under its Current RNY Power Agreement, including its compliance with supplemental commitments for jobs and capital investments.

Staff is recommending that the full Allocations be extended for each company as indicated in Exhibit “A.”

In summary, the businesses listed on Exhibit “A,” which are located throughout the State, bring valuable benefits to the State. In total, the Allocations listed in Exhibit “A” are supporting the retention of 3,718 jobs and $213.9 million in capital investments throughout New York State, and the Authority will require customers to commit to the same or substantially similar supplemental commitments for jobs and capital investments that are summarized in Exhibit “A” for the Extended Term.

At its meeting held on July 27, 2020, EDPAB recommended to the Trustees that each of the Allocations listed on Exhibit “A” be extended for 7 years as described above.

Based on the foregoing discussion, staff recommends that the Trustees extend the Allocations listed on Exhibit “A” as described above and in Exhibit “A” subject to the following conditions:

(a) The sale of any Allocation extended as proposed herein will be governed by the RNY Power contract form that was approved by the Trustees on March 26, 2019, and Authority Service Tariff RNY-1.
(b) In order to receive an extension of its Allocation, the customer must agree, for the
Extended Term, to provide the supplemental commitments for jobs and capital
investments that are the same or substantially similar to those that are summarized
generally in Exhibit “A” (subject to adjustments described above), through the
incorporation of such supplemental commitments in the final contract that is
executed by the parties. With respect to capital investments, RNY Power customers
who do not have current project/expansion capital investment commitments would be
expected to meet a minimum capital investment commitment which may be satisfied
through capital expenditures made over a five-year period.

(c) Unless otherwise noted in Exhibit “A,” the customer is in compliance with its
contractual obligations to the Authority under its Current RNY Power Agreement.

Staff believes that an extension of each Allocation listed on Exhibit “A” is appropriate and
is consistent with the applicable statutory criteria listed in Exhibit “G.” In addition, the terms and
conditions in the RNY Power contract form approved by the Trustees on March 26, 2019 are
consistent with the terms and conditions recommended by EDPAB.

2. Modification to Existing Allocation and Related Supplemental Commitments

At its meeting held on July 27, 2020, EDPAB recommended that the Trustees approve
modifications relating to the RNY Power allocation listed on Exhibit “B” for D’Addario &
Company, Inc.

D’Addario & Company, Inc. was previously approved for an RNY Power allocation
extension totaling 800 kilowatts (“kW”). Since that time, the company has applied for additional
RNY Power to accommodate additional load in two new buildings. Staff reviewed the demand
and energy data for the two new buildings and is recommending that the amount of the
company’s extended allocation be increased by 26 kW from 800 kW to 826 kW.

In addition, D’Addario & Company, Inc. has requested to modify its employment and
capital investment commitment related to its allocation. Currently, the commitments are 821
jobs and $13.3 million in capital spending. Due to current business conditions, the company
would like to modify these commitments to 815 jobs and $9.3 million in capital spending. Staff
is recommending that the amount of the company’s extended employment commitment be
revised to 815 jobs, and that the amount of the company’s capital investment commitment be
revised to $9.3 million.

In view of the customer’s circumstances, staff has no objection to the requested
modifications, and therefore recommends that the Trustees approve the modifications listed in
Exhibit “B.”

3. Retention-Based RNY Power Allocations

The Trustees are asked to address applications submitted via the CFA process for RNY
Power retention-based allocations. Unless otherwise indicated in Exhibit “C,” these applications
seek an RNY Power allocation for job retention purposes only.

Consistent with the evaluation process as described above, EDPAB recommended, at
its July 27, 2020 meeting, that RNY Power retention allocations be awarded to the businesses
listed in Exhibit “C.” 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 “C” are each recommended for a term of 7 years unless otherwise indicated.

Staff recommends that the Trustees accept EDPAB’s recommendations and award RNY Power allocations to each of the businesses listed on Exhibit “C” in the amounts indicated therein.

4. Expansion-Based RNY Power Allocations

The Trustees are also asked to address applications submitted for RNY Power expansion-based allocations. Allocations for this purpose would be sourced 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. Unless otherwise indicated in Exhibit “D,” these applications seek an RNY Power allocation to support expansion of an existing business or a new business/facility. EDPAB recommended, at its July 27, 2020 meeting, that RNY Power expansion-based allocations be made to the businesses listed in Exhibit “D.” Each such allocation would be for a term of 7 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 proposed amounts of the expansion-based allocations listed in Exhibit “D” 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 “D” 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 its 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 “D.”

Staff recommends that the Trustees accept EDPAB’s recommendations and award RNY Power allocations to each of the businesses listed on Exhibit “D” in the amounts indicated therein.

5. Small Business and/or Not-for-Profit-Based RNY Power Allocations

The Trustees are also asked to address applications for RNY Power for eligible small businesses and/or not-for-profit corporations. 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 described above, EDPAB recommended, at its July 27, 2020 meeting, that RNY Power allocations be awarded to the small businesses and/or not-for-profit applicants listed in Exhibit “E.” These applicants have committed to retain or create jobs in New York State and make capital investments to the extent indicated in Exhibit “E” in exchange for the recommended RNY Power allocations as described in Exhibit “E.”
RNY Power allocations identified in Exhibit “E” are recommended for a term of 7 years unless otherwise indicated.

Staff recommends that the Trustees accept EDPAB’s recommendations and award RNY Power allocations to each of the not-for-profit entities and/or small businesses listed on Exhibit “E” in the amounts indicated therein.

In accordance with Chapter 60, if EDPAB’s recommendation to award RNY Power allocations to the small businesses and/or not-for-profit applicants listed in Exhibit “E” is accepted, the 100 MW block of power will be close to fully allocated. Accordingly, staff is prepared to establish a waiting list for small businesses and not-for-profit corporations who wish to apply for RNY Power.

6. Termination of Application/Review Process

At its meeting on July 27, 2020, EDPAB terminated the application review process for the applicant listed on Exhibit “F” for the reasons listed on Exhibit “F.” No action by the Trustees is required on this matter. In the past, some applicants in these circumstances refiled once they were in a position to advance a more complete RNY Power application.

RECOMMENDATION

The Senior Vice President – Clean Energy Solutions recommends that the Trustees accept the recommendations of EDPAB and:

(1) authorize the extension of each of the existing 6 Allocations of RNY Power in the manner described above for the customers listed on Exhibit “A” for a term of 7 years to commence on the expiration of the Allocation, or commencing on a date to be agreed upon by the parties for a term not to exceed 7 years, subject to the conditions described above;

(2) approve the modifications related to the allocation and supplemental commitments described in Exhibit “B” for the reasons discussed above;

(3) award the new allocations of RNY Power for retention purposes to the businesses listed in Exhibit “C” as indicated therein;

(4) award the new allocations of RNY Power for expansion purposes to the businesses listed in Exhibit “D” as indicated therein; and

(5) award the new allocations of RNY Power to the small business and/or not-for-profit applicants identified in Exhibit “E” for retention and expansion purposes as indicated therein.

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

Gil C. Quiniones
President and Chief Executive Officer
RESOLUTION

RESOLVED, That the Trustees hereby accept the recommendations of the Economic Development Power Allocation Board ("EDPAB") and approve the extension of each of the existing 6 Recharge New York ("RNY") Power allocations ("Allocation" or collectively "Allocations") previously awarded to the customers listed in Exhibit “A” in the manner described in the accompanying memorandum of the President and Chief Executive Officer ("Memorandum") for a term of 7 years, to commence on (1) the expiration of the term of the Allocation, or (2) in the Authority’s discretion, commencing on a date to be agreed upon by the Authority and the customer for a term not to exceed 7 years (collectively, the “Extended Term”), subject to the following conditions:

(a) the sale of the Allocations as extended hereunder shall be made pursuant to the contract form approved by the Board on March 26, 2019, and Authority Service Tariff RNY-1;

(b) in order to receive an extension of its Allocation, the customer agrees to provide the supplemental commitments for jobs, capital investment and power utilization that are the same or determined by the Authority to be substantially similar to those contained in Exhibit “A” (subject to adjustments described above) for the Extended Term, through the incorporation of such supplemental commitments in the final contract that is executed by the parties, and RNY Power customers who do not have an ongoing project/expansion capital investment commitment shall meet a minimum capital investment commitment which may be satisfied through capital expenditures made over a five-year period.

RESOLVED, That the Trustees hereby accept the recommendation of the EDPAB and approve the modifications/adjustments to the extended allocation and supplemental
commitments described in Exhibit “B” for the reasons indicated in the Memorandum and Exhibit “B”; and be it further

RESOLVED, That the Trustees hereby accept the recommendation of the EDPAB and approve the new RNY Power allocations for retention purposes to the applicants listed in Exhibit “C” in the amounts indicated therein for the reasons indicated in the Memorandum and Exhibit “C”; and be it further

RESOLVED, That the Trustees hereby accept the recommendation of the EDPAB and approve the new RNY Power allocations for expansion purposes to the applicants listed in Exhibit “D” in the amounts indicated therein for the reasons indicated in the Memorandum and Exhibit “D”; and be it further

RESOLVED, That the Trustees hereby accept the recommendation of the EDPAB and approve the new RNY Power allocations for retention and expansion purposes to the small businesses and/or not-for-profit applicants listed in Exhibit “E” in the amounts indicated therein for the reasons indicated in the Memorandum and Exhibit “E”; and be it further

RESOLVED, That the Chief Commercial Officer – Commercial Operations, or such official’s designee, hereby is authorized on behalf of the Authority to provide for final terms and conditions that will be applicable to the foregoing allocations and/or projects, including without limitation progress milestones and provisions for the expiration of any allocation in the event that such milestones are not met; 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.
## 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>Current kW Amount</th>
<th>Recommended kW Amount</th>
<th>Job Commitments</th>
<th>Capital Investment Commitment ($)</th>
<th>Contract Term (years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>DiCarlo Distributors, Inc.</td>
<td>Holtsville</td>
<td>Suffolk</td>
<td>Long Island</td>
<td>LIPA</td>
<td>Wholesale food distributor</td>
<td>276</td>
<td>276</td>
<td>215</td>
<td>$1,000,000</td>
<td>7</td>
</tr>
<tr>
<td>2</td>
<td>The Nursing Care Center At Medford, Inc.</td>
<td>Medford</td>
<td>Suffolk</td>
<td>Long Island</td>
<td>LIPA</td>
<td>Rehabilitation &amp; healthcare services</td>
<td>296</td>
<td>296</td>
<td>333</td>
<td>$1,500,000</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>572</td>
<td>572</td>
<td>548</td>
<td>$2,500,000</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Innovative Plastics Corp.</td>
<td>Orangeburg</td>
<td>Rockland</td>
<td>Mid-Hudson</td>
<td>O&amp;R</td>
<td>Manufacturer of thermoformed packaging</td>
<td>570</td>
<td>570</td>
<td>75</td>
<td>$5,000,000</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>Mid-Hudson Region Sub-totals:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>570</td>
<td>570</td>
<td>75</td>
<td>$5,000,000</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Fordham University</td>
<td>Bronx</td>
<td>Bronx</td>
<td>New York City</td>
<td>CONED</td>
<td>Institution of higher education</td>
<td>1,380</td>
<td>1,380</td>
<td>2,990</td>
<td>$205,300,000</td>
<td>7</td>
</tr>
<tr>
<td>5</td>
<td>The Brooklyn Brewery Corporation</td>
<td>Brooklyn</td>
<td>Kings</td>
<td>New York City</td>
<td>CONED</td>
<td>Brewery for craft beers</td>
<td>86</td>
<td>86</td>
<td>42</td>
<td>$500,000</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>New York City Region Sub-totals:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1,466</td>
<td>1,466</td>
<td>3,032</td>
<td>$205,800,000</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Commitment 2000, Inc.</td>
<td>Buffalo</td>
<td>Erie</td>
<td>Western New York</td>
<td>NGRID</td>
<td>Manufacturer of bread products</td>
<td>126</td>
<td>126</td>
<td>63</td>
<td>$600,000</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>Western New York Region Sub-totals:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>126</td>
<td>126</td>
<td>63</td>
<td>$600,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Totals</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2,734</td>
<td>2,734</td>
<td>3,718</td>
<td>$213,900,000</td>
<td></td>
</tr>
</tbody>
</table>
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>Recommended kW Amount</th>
<th>Final Job Commitments</th>
<th>Final Capital Investment Commitment ($)</th>
<th>Contract Term (years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>D’Addario &amp; Company, Inc.</td>
<td>Farmingdale</td>
<td>Suffolk</td>
<td>Long Island</td>
<td>LIPA</td>
<td>Manufacturer of musical instrument strings</td>
<td>826 (1)</td>
<td>815 (2)</td>
<td>$9,300,000 (3)</td>
<td>7</td>
</tr>
</tbody>
</table>

(1) Represents modified/corrected amount. The customer was previously extended for an RNY Power allocation in the amount of 800 kW. It was determined that the customer needed additional RNY Power, primarily associated with two new buildings, which is the basis of the modification presented herein.

(2) Represents modified/corrected job commitment amount.

(3) Represents modified/corrected capital investment commitment amount.
<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>Capital Investment ($)</th>
<th>Contract Term (years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Ancotel USA, LLC</td>
<td>Westbury</td>
<td>Nassau</td>
<td>Long Island</td>
<td>LIPA</td>
<td>Carrier-neutral interconnection facility</td>
<td>436</td>
<td>216</td>
<td>3</td>
<td>$2,000,000</td>
<td>7</td>
</tr>
<tr>
<td></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></td>
<td><strong>Long Island Region Sub-totals:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>216</td>
<td>3</td>
<td>$2,000,000</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Wheatfield Gardens, LLC</td>
<td>North Tonawanda</td>
<td>Niagara</td>
<td>Western New York</td>
<td>NGRID</td>
<td>Hydroponic commercial greenhouse</td>
<td>479</td>
<td>236</td>
<td>15</td>
<td>$5,000,000</td>
<td>7</td>
</tr>
<tr>
<td></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></td>
<td><strong>Western New York Region Sub-totals:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>236</td>
<td>15</td>
<td>$5,000,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Totals</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>452</td>
<td>18</td>
<td><strong>$7,000,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

(1) This company is also recommended for an expansion-related allocation of RNY for separate and distinct job creation and capital investment commitments associated with the proposed business expansion.
<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 (1)</th>
<th>kW Employment (2)</th>
<th>Job Creation Commitment</th>
<th>Project Capital Investment ($)</th>
<th>Contract Term (years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Cryomech, Inc.</td>
<td>Dewitt</td>
<td>Onondaga</td>
<td>Central New York</td>
<td>NGRID</td>
<td>Manufacturer of cryogenic equipment</td>
<td>674</td>
<td>470</td>
<td>108</td>
<td>15</td>
<td>$14,000,000</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>Central New York 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>Ancotel USA, LLC</td>
<td>Westbury</td>
<td>Nassau</td>
<td>Long Island</td>
<td>LIPA</td>
<td>Carrier-neutral interconnection facility</td>
<td>1,110</td>
<td>776</td>
<td>3</td>
<td>17</td>
<td>$16,280,000</td>
<td>(3) 7</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></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Wheatfield Gardens, LLC</td>
<td>North Tonawanda</td>
<td>Niagara</td>
<td>Western New York</td>
<td>NGRID</td>
<td>Hydroponic commercial greenhouse</td>
<td>100</td>
<td>70</td>
<td>15</td>
<td>4</td>
<td>$1,000,000</td>
<td>(3) 7</td>
</tr>
<tr>
<td></td>
<td>Western New York 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></td>
<td>Totals</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1,316</td>
<td>108</td>
<td>36</td>
<td>36</td>
<td>$31,280,000</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.

(3) This company is also being recommended for a retention-based RNY Power allocation associated with separate and distinct contractual commitments relating to such matters as job retention, capital investment spending, and power utilization associated with an existing business.
### 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>Simmons Machine Tool Corporation</td>
<td>Menands</td>
<td>Albany</td>
<td>Capital District</td>
<td>NGRID</td>
<td>Manufacturer of railroad maintenance tools</td>
<td>308</td>
<td>150</td>
<td>100</td>
<td>0</td>
<td>$1,200,000</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>Museum of Science &amp; Technology Foundation</td>
<td>Syracuse</td>
<td>Onondaga</td>
<td>Central New York</td>
<td>NGRID</td>
<td>Science &amp; technology museum</td>
<td>304</td>
<td>100</td>
<td>32</td>
<td>0</td>
<td>$130,000</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>Central New York 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>3</td>
<td>ProAmpac Rochester LLC</td>
<td>Ogden</td>
<td>Monroe</td>
<td>Finger Lakes</td>
<td>RGE</td>
<td>Manufacturer of packaging products</td>
<td>389</td>
<td>190</td>
<td>62</td>
<td>0</td>
<td>$575,000</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>Finger Lakes 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>4</td>
<td>Active Retirement Community, Inc.</td>
<td>South</td>
<td>Suffolk</td>
<td>Long Island</td>
<td>LIPA</td>
<td>Retirement &amp; assisted-living community</td>
<td>880</td>
<td>290</td>
<td>350</td>
<td>0</td>
<td>$12,000,000</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></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Retention-Based Totals**: 730 kW, 544 Jobs, 0 Jobs Created, $1,200,000 Capital Investment, 7 years

### 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>Jobs Retained</th>
<th>Jobs Created</th>
<th>Project Capital Investment ($)</th>
<th>Contract Term (years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>ProAmpac Rochester LLC</td>
<td>Ogden</td>
<td>Monroe</td>
<td>Finger Lakes</td>
<td>RGE</td>
<td>Manufacturer of packaging products</td>
<td>86</td>
<td>40</td>
<td>62</td>
<td>15</td>
<td>$74,250,000</td>
<td>(1), (2) 7</td>
</tr>
<tr>
<td></td>
<td>Finger Lakes 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>6</td>
<td>Active Retirement Community, Inc.</td>
<td>South</td>
<td>Suffolk</td>
<td>Long Island</td>
<td>LIPA</td>
<td>Retirement &amp; assisted-living community</td>
<td>450</td>
<td>150</td>
<td>350</td>
<td>41</td>
<td>$70,000,000</td>
<td>(1), (2) 7</td>
</tr>
<tr>
<td>7</td>
<td>Crown I Enterprises Inc.</td>
<td>Bay Shore</td>
<td>Suffolk</td>
<td>Long Island</td>
<td>LIPA</td>
<td>Food refrigeration &amp; distribution</td>
<td>550</td>
<td>276</td>
<td>130</td>
<td>30</td>
<td>$4,500,000</td>
<td>(4) 7</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></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Expansion-Based Totals**: 466 kW, 25 Jobs, 86 Jobs Created, $74,250,000 Project Capital Investment, 7 years

**Retention & Expansion-Based Totals**: 1,196 kW, 569 Jobs, 86 Jobs Created, $81,925,000 Project Capital Investment, 7 years

---

(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) 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...
This applicant was previously approved for RNY Power allocations. The base employment level refers to the applicant's current retained jobs, most of which are already associated with existing power 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>Reason</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Jetro Cash and Carry Enterprises, LLC</td>
<td>College Point</td>
<td>Queens</td>
<td>New York City</td>
<td>CONED</td>
<td>Wholesale grocer &amp; foodservice supplier</td>
<td>Applicant has been unresponsive to requests by staff for additional information, preventing a complete analysis of the application.</td>
</tr>
<tr>
<td>Line</td>
<td>Criteria Description</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>------</td>
<td>----------------------</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>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;</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>The extent to which a Recharge New York power allocation will result in new capital investment in the state by the applicant;</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>The extent to which a Recharge New York power allocation is consistent with any regional economic development council strategies and priorities;</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>The type and cost of buildings, equipment and facilities to be constructed, enlarged or installed if the applicant were to receive an allocation;</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>The applicant's payroll, salaries, benefits and number of jobs at the facility for which a Recharge New York power allocation is requested;</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>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;</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>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;</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>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;</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>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;</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>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 New York Power Authority;</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>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</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>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 Recharge New York power allocation is requested is located.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Memorandum

Date: July 28, 2020

To: THE TRUSTEES

From: THE PRESIDENT and CHIEF EXECUTIVE OFFICER

Subject: Preservation Power Allocation Extension and Notice of Public Hearing

SUMMARY

The Trustees are requested to: (1) extend an allocation of 1,850 kilowatts ("kW") of Preservation Power ("PP") to Upstate Niagara Cooperative, Inc. ("Upstate Niagara") for use at its North Country Dairy facility in North Lawrence, St. Lawrence County, through June 30, 2030; and (2) authorize a public hearing in accordance with Public Authorities Law ("PAL") §1009 on a proposed form of contract ("Proposed Contract") that would, along with New York Power Authority ("NYPA" or "Authority") Service Tariff No. 20 ("ST 20"), apply to the sale of firm PP to Upstate Niagara for the extended term. Copies of the Proposed Contract and ST 20 are attached as Exhibit "A."

BACKGROUND

Under PAL §1005(13)(a), the New York Power Authority ("NYPA" or "Authority") may contract to allocate 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.

For PP, NYPA confers with economic development officials from Franklin, Jefferson and St. Lawrence counties along with the Northern New York ("NNY") representative of the Empire State Development to coordinate other economic development incentives that could help bring projects to New York State and to assess support for applications. Staff discusses potential recommendations with these entities to help maximize the value of hydropower to improve the economy of NNY and New York State.

The Trustees, on January 31, 2017, extended an earlier PP allocation for Upstate Niagara, then totaling 2,250 kW, through June 30, 2020. In December 2018, that allocation was reduced to 1,850 kW in order better address Upstate Niagara’s power requirements.
The customer has requested an extension of the current 1,850 kW PP allocation (the “Allocation”) for a term ending June 30, 2030, and is committing to employ at least 80 full-time employees, and make an average of $2 million per year capital investment, for the extended term of the Allocation.

There is currently 219,080 kW of PP available to allocate to qualified businesses under the criteria set forth in PAL §1005(13)(a).

DISCUSSION

1. Upstate Niagara

Associated with more than 360-family-owned and operated farms, Upstate Niagara is one of the largest and most stable dairy cooperatives in the country. Along with the North Country Dairy facility (“Facility”), Upstate Niagara operates manufacturing facilities in Rochester, Buffalo, West Seneca, Batavia and Campbell.

Upstate Niagara acquired the Facility in North Lawrence in 2011. The customer refurbished the location and added new production lines. The Facility primarily produces cultured dairy products sold mostly to retailers and food institutions in New York and the Northeast. All of the milk Upstate Niagara uses to make the products comes from local dairy farmers.

Employment at the Facility, as well as production, has grown over the years. The current employment level is 92, and the Facility currently produces 45 million pounds of yogurt annually.

The extension of the Allocation would enable Upstate Niagara to sustain this essential business at its current level of production and continue to invest in the facility allowing for future growth, which would continue to support jobs and the regional economy.

Upstate Niagara is in compliance with its existing contractual commitments for the Allocation.

Staff recommends that the 1,850 kW PP Allocation be extended for approximately ten years through June 30, 2030.

2. Contract Information

Staff intends to discuss the Proposed Contract with Upstate Niagara, and anticipates reaching agreement on a contract substantially similar to the Proposed Contract attached as Exhibit “A.”

Under 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 specified by statute, 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 must “report” the final proposed contract, along with its recommendations and the public hearing record, to the Governor and other elected officials. Upon approval by the Governor, the Authority is authorized to execute the contract.

The general form of the Proposed Contract is consistent with other hydropower contracts recently approved by the Trustees. Some pertinent provisions of the Proposed Contract include: (i) 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 PP Service Tariff ST 20; (ii) collection of a Zero Emission Credit (“ZEC”) Charge and a Monthly Renewable Energy Credit (“REC”) Charge to allow the Authority to recover costs it would incur relating to its purchase of ZECs and RECs attributable to the customer’s load for the purpose of complying with the State Energy Plan and the State’s Clean Energy Standard; (iii) provisions relating to financial security to reflect a direct billing arrangement between the Authority and hydropower customers; (iv) provisions authorizing data transfers and addressing other utility-driven requirements which are necessary for efficient program implementation; (v) employment, capital investment and power usage commitments by the customer with a compliance threshold of 90%; (vi) compliance provisions authorizing the Authority to reduce the allocation if the threshold is not met; (vii) annual job and capital investment reporting requirements; and (viii) provisions for the procurement of substitute energy in the event of hydropower curtailments.

The sale of the extended allocation would be subject to ST 20. Transmission and delivery service would be provided by the customer’s local electric distribution utility.

The Authority is continuing to provide electric service to Upstate Niagara on an interim basis based on its current contract and Service Tariff No. ST-10 pending a decision on the customer’s extension application and completion of the PAL §1009 process.

RECOMMENDATION

The Senior Vice President – Clean Energy Solutions recommends that the Trustees approve an extension of the 1,850 kW of PP Allocation to Upstate Niagara for a term through June 30, 2030 as described herein, and authorize a public hearing on the Proposed Contract attached as Exhibit “A” for the sale of the Allocation of Preservation Power to Upstate Niagara Cooperative, Inc.

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

Gil C. Quiniones
President and Chief Executive Officer
RESOLUTION

RESOLVED, That an extension of the 1,850 kilowatt Preservation Power (“PP”) allocation to Upstate Niagara Cooperative, Inc. for a term through June 30, 2030 as detailed in the foregoing Memorandum be, and hereby is, approved, subject to rates previously approved by the Trustees; 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 to Upstate Niagara (the “Contract”), the current form of which is attached to the foregoing Memorandum as Exhibit “A,” and 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 Chair, 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.
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

SERVICE TARIFF NO. 20

Upstate Niagara Cooperative, 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 I of Article V 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 Sale of Preservation Power and Energy ("Agreement") with Upstate Niagara Cooperative, Inc. ("Customer") having offices at 22 County Route 52, North Lawrence, NY 12967. The Authority and the Customer are from time to time referred to in this Agreement as “Party” or collectively as “Parties” and agree as follows:

**RECATIALS**

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, the Customer applied for an allocation of PP or an extension of an existing PP allocation for use at its facilities defined in this Agreement as the “Facility”;

WHEREAS, the Customer has offered to make specific commitments relating to, among other things, the creation and retention of jobs, capital investments, power usage and energy efficiency measures at the Facility, in exchange for an allocation of PP;

WHEREAS, the Authority’s Board of Trustees approved an allocation of PP to the Customer;

WHEREAS, the Authority’s provision of Electric Service under this Agreement is an unbundled service separate from (i) the transmission of the allocation, and (ii) the delivery of the Allocation;

WHEREAS, the Parties have reached an agreement on the terms and conditions applicable for the sale of the Allocation for a term as provided in this Agreement;

WHEREAS, electric service hereunder shall be subject to the rates and other terms and conditions contained in the Service Tariff as further provided in this Agreement; and

WHEREAS, the Authority has complied with requirements of PAL § 1009, and has been authorized to execute the Agreement.

NOW, THEREFORE, in consideration of mutual covenants, terms, and conditions herein, and for other good and valuable consideration, the receipt and adequacy of which the Parties hereby acknowledge, the Parties do hereby mutually covenant and agree as follows:

**ARTICLE I**

**DEFINITIONS**

When used with initial capitalization, whether singular or plural, the following terms, as used in this Agreement, shall have the meanings as set forth below. When used with initial
capitalization, whether singular or plural, terms defined in schedules or appendices to this Agreement shall have the meanings set forth in such schedules or appendices. All other capitalized terms and abbreviations used in this Agreement but not defined in this Section or other provisions of this Agreement or its schedules or appendices shall have the same meaning as set forth in the Service Tariff.

“Adverse Water Condition” means any event or condition, including without limitation a hydrologic or hydraulic condition, that relates to the flow, level, or usage of water at or in the vicinity of the Project and/or its related facilities and structures, and which prevents, threatens to prevent, or causes the Authority to take responsive action that has the effect of preventing, the Project from producing a sufficient amount of energy to supply the full power and energy requirements of firm power and firm energy customers who are served by the Project.

“Agreement” means this Agreement, and unless otherwise indicated herein, includes all schedules, appendices and addenda thereto, as the same may be amended from time to time.

“Allocation” refers to the allocation(s) of PP awarded to the Customer as specified in Schedule A.

“Alternative REC Compliance Program” has the meaning provided in Schedule E.

“Annual Capital Investment Commitment” has the meaning set forth in Schedule B.

“Annual CI Expenditures” has the meaning set forth in Schedule B.

“Base Employment Level” has the meaning set forth in Schedule B.

“Contract Demand” is as defined in the Service Tariff.

“Customer-Arranged Energy” means energy that the Customer procurees from sources other than the Authority for the purpose of replacing Firm Energy that is not supplied to the Customer due to a Planned Hydropower Curtailment.

“Effective Date” means the date that this Agreement is fully executed by the Parties.

“Electric Service” is the Firm Power and Firm Energy associated with the Allocation and sold by the Authority to the Customer in accordance with this Agreement, the Service Tariff and the Rules.

“Energy Services” has the meaning set forth in Article V of this Agreement.

“Expansion Project” has the meaning set forth in Section IV.2.a of this Agreement.

“Expansion Project Capital Investment Commitment” has the meaning set forth in Schedule B.

“Facility” means the Customer’s facilities as described in Schedule A to this Agreement.
“FERC” means the Federal Energy Regulatory Commission (or any successor organization).

“FERC License” means the first new license issued by FERC to the Authority for the continued operation and maintenance of the Project, pursuant to Section 15 of the Federal Power Act, which became effective September 1, 2007 after expiration of the Project’s original license which became effective in 1957.

“Firm Energy” is as defined in the Service Tariff.

“Firm Power” is as defined in the Service Tariff.

“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.

“Load Reduction” has the meaning set forth in Section IX.6 of this Agreement.

“Load Serving Entity” (or “LSE”) means an entity designated by a retail electricity customer (including the Customer) to provide capacity, energy and ancillary services to serve such customer, in compliance with NYISO Tariffs, rules, manuals and procedures.

“Metering Arrangement” has the meaning set forth in Section II.7 of this Agreement.

“NYEM” means the New York Energy Manager, an energy management center owned and operated by the Authority.

“NYEM Agreement” means a written agreement between the Authority and the Customer providing for the Facility’s enrollment and Customer’s participation in NYEM.

“NYEM Participation” has the meaning specified in Schedule B of this Agreement.

“NYISO” means the New York Independent System Operator or any successor organization.

“NYISO Charges” has the meaning set forth in Section VII.2 of this Agreement.

“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.
“Physical Energy Audit” or “Audit” means a physical evaluation of the Facility in a manner approved by the Authority that includes at a minimum the following elements: (a) an assessment of the Facility’s energy use, cost and efficiency which produces an energy utilization index for the Facility (such as an Energy Use Intensity or Energy Performance Indicator); (b) a comparison of the Facility’s index to indices for similar buildings/facilities; (c) an analysis of low-cost/no-cost measures for improving energy efficiency; (d) a listing of potential capital improvements for improving energy consumption; and (e) an initial assessment of potential costs and savings from such measures and improvements.

“Planned Hydropower Curtailment” means a temporary reduction in Firm Energy to which the Customer is entitled to receive under this Agreement made by the Authority in response to an anticipated or forecasted Adverse Water Condition.

“Preservation Power” (or “PP”) consists of 490 megawatts (“MW”) of firm hydroelectric power and associated energy produced by the Authority’s St. Lawrence-FDR Power Project.

“Prior Agreement” has the meaning set forth in the recitals to this Agreement.

“Project” means the Authority’s St. Lawrence-FDR Power Project, FERC Project No. 2000.

“Reporting Year” means the yearly interval that the Authority uses for reporting, compliance and other purposes as specified in this Agreement. The Reporting Year for this Agreement is from January 1 through December 31, subject to change by the Authority without notice.

“Rolling Average” has the meaning set forth in Schedule B.

“Rules” are 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.

“Schedule A” refers to the Schedule A entitled “Preservation Power Allocations” which is attached to and made part of this Agreement.

“Schedule B” refers to the Schedule B entitled “Supplemental Preservation Power Commitments” which is attached to and made part of this Agreement, including any appendices attached thereto.

“Schedule C” refers to the Schedule C entitled “Takedown Schedule” which is attached to and made part of this Agreement.

“Schedule D” refers to the Schedule D entitled “Zero Emission Credit Charge” which is attached to and made part of this Agreement.

“Schedule E” refers to the Schedule E entitled “Monthly Renewable Energy Credit Charge” which is attached to and made part of this Agreement.
“Service Information” has the meaning set forth in Section II.10 of this Agreement.

“Service Tariff” means the Authority’s Service Tariff No. 20, 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.

“Substitute Energy” means energy that is provided to the Customer by or through the Authority for the purpose of replacing Firm Energy not supplied to the Customer in accordance with Article IX.

“Takedown” means the portion of the Allocation that Customer requests to be scheduled for a specific period as provided for in Schedule C, if applicable.

“Taxes” is as defined in the Service Tariff.

“Unforced Capacity” (or “UCAP”) means the electric capacity required to be provided by LSEs to serve electric load as defined by the NYISO Tariffs, rules, manuals and procedures.

“Unplanned Hydropower Curtailment” means a temporary reduction in the amount of Firm Energy to which the Customer is entitled to receive under this Agreement due to an Adverse Water Condition that the Authority did not anticipate or forecast.

“Utility Tariff” means the retail tariff(s) of the Customer’s local electric utility filed and approved by the PSC that is applicable to the delivery of PP.

ARTICLE II
ELECTRIC SERVICE

1. The Authority will make available Electric Service to enable the Customer to receive the Allocation in accordance with this Agreement, the Service Tariff and the Rules. The Customer is not be entitled to receive Electric Service under this Agreement for any PP allocation unless such PP allocation is identified in Schedule A.

2. The Authority will provide, and the Customer shall accept and pay for, Electric Service with respect to the Allocation specified in Schedule A. If Schedule C specifies a Takedown Schedule for the Allocation, the Authority will provide, and the Customer shall accept and pay for, Electric Service with respect to the Allocation in accordance with such Takedown Schedule.

3. 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.

4. The provision of Electric Service associated with the Allocation is an unbundled service separate from the transmission and the delivery of the Allocation. The Customer acknowledges
and agrees that Customer’s local electric utility, not the Authority, is responsible for the delivery of the Allocation to the Facility in accordance with applicable Utility Tariff(s).

5. The Contract Demand for the Customer’s Allocation may be modified by the Authority if the amount of Firm Power and Firm Energy available for sale as PP from the 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 receiving Electric Service under the Service Tariff, as applicable, based on the terms of such ruling, order, or decision.

6. The Contract Demand may not exceed the Allocation.

7. The Customer’s Facility must be metered by the Customer’s local electric utility in a manner that is satisfactory to the Authority, or another metering arrangement satisfactory to the Authority must be provided (collectively, “Metering Arrangement”). A Metering Arrangement that is not satisfactory to the Authority shall be grounds, after notice to the Customer, for the Authority to modify, withhold, suspend, or terminate Electric Service to the Customer. If a Metering Arrangement is not made to conform to the Authority’s requirements within thirty (30) days of a determination that it is unsatisfactory, the Authority may modify, withhold, suspend, or terminate Electric Service on at least ten (10) days’ prior written notice to the Customer. After commencement of Electric Service, the Customer shall notify the Authority in writing within thirty (30) days of any alteration to the Facility’s Metering Arrangement, and provide any information requested by the Authority (including Facility access) to enable the Authority to determine whether the Metering Arrangement remains satisfactory. If an altered Metering Arrangement is not made to conform to the Authority’s requirements within thirty (30) days of a determination it is unsatisfactory, the Authority may modify, withhold, suspend, or terminate Electric Service on at least ten (10) days’ prior written notice to the Customer. The Authority may, in its discretion, waive any of the requirements provided for in this Section in whole or in part where in the Authority’s judgment, another mechanism satisfactory to the Authority can be implemented to enable the Authority to receive pertinent, timely and accurate information relating to the Customer’s energy consumption and demand and render bills to the Customer for all fees, assessments and charges that become due in accordance with this Agreement, the Service Tariff, and the Rules.

8. The Customer consents to the exchange of information between the Authority and the Customer’s local electric utility pertaining to information that such parties determine is necessary to provide for the allocation, sale and delivery of the Allocation to the Customer at the Facility, the proper and efficient implementation of the PP program, billing related to Electric Service, 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 that the Authority determines are necessary to effectuate such exchanges of information.

9. 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 the Allocation on terms and conditions that are acceptable to the Authority.
10. The Customer understands and acknowledges that the Authority may from time to time require
the Customer to complete forms, execute consents, and provide information (collectively,
“Service Information”) that the Authority determines is necessary for the provision of Electric
Service, the delivery of the Allocation, billing related to Electric Service, the effective
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 Service Information on a timely basis shall be grounds for the Authority in its
discretion to modify, withhold, suspend, or terminate Electric Service to the Customer.

ARTICLE III
RATES, TERMS AND CONDITIONS

1. Electric Service shall be sold to the Customer in accordance with the rates, terms and
conditions provided for in this Agreement, the Service Tariff and the Rules.

2. The Service Tariff and the Rules may be amended from time to time by the Authority and, if
revised, the revised provisions thereof will apply under this Agreement with the same force
and effect as if set forth herein. 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
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.

3. Notwithstanding any provision of this Agreement to the contrary, the power and energy rates
for Electric Service shall be subject to increase by Authority at any time upon 30 days prior
written notice to Customer if, after consideration by Authority of its legal obligations, the
marketability of the output or use of the Project and Authority’s competitive position with
respect to other suppliers, 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 Authority’s bond and
note resolutions and covenants with the holders of its financial obligations. Authority shall
use its best efforts to inform Customer at the earliest practicable date of its intent to increase
the power and energy rates pursuant to this provision. With respect to any such increase,
Authority shall forward to Customer with the notice of increase, an explanation of all reasons
for the increase, and shall also identify the sources from which Authority will obtain the total
of increased revenues and the bases upon which Authority will allocate the increased revenue
requirements among its customers. Any such increase in rates shall remain in effect only so
long as Authority determines such increase is necessary to provide revenues for the purposes
stated in the preceding sentences.

4. In addition to all other fees, assessments and charges provided for in the Agreement, the
Service Tariff and the Rules, the Customer shall be responsible for payment of the Zero
Emission Credit Charge and Monthly Renewable Energy Credit Charge provided for in
Schedule D and Schedule E, respectively, of this Agreement.
ARTICLE IV
SUPPLEMENTAL COMMITMENTS

1. Supplemental Commitments. Schedule B sets forth the Customer’s “Supplemental Preservation Power Commitments” (“Supplemental Commitments”). The Authority’s obligation to provide Electric Service under this Agreement is expressly conditioned upon the Customer’s timely compliance with the Supplemental Commitments described in Schedule B as further provided in this Agreement. The Customer’s Supplemental Commitments are in addition to all other commitments and obligations provided in this Agreement.

2. Special Provisions Relating to a New or Expanded Facility.

a. Proposed New or Expanded Facility; Failure to Complete.

   If Schedule B provides for the construction of a new facility or an expansion of an existing facility (collectively, “Expansion Project”), and the Customer fails to complete the Expansion Project by the date specified in Schedule B, the Authority may, in its discretion, (a) cancel the Allocation, or (b) if it believes that the Expansion Project will be completed in a reasonable time, agree with the Customer to extend the time for completion of the Expansion Project.

b. Proposed New or Expanded Facility; Partial Performance.

   If the Expansion Project results in a completed Facility that is only partially operational, or is materially different than the Expansion Project agreed to in Schedule B (as measured by such factors as size, capital investment expenditures, capital improvements, employment levels, estimated energy demand and/or other criteria determined by the Authority to be relevant), the Authority may, in its discretion, on its own initiative or at the Customer’s request, make a permanent reduction to the Allocation and Contract Demand to an amount that the Authority determines to fairly correspond to the completed Facility.

c. Notice of Completion; Commencement of Electric Service.

   (i) The Customer shall give the Authority not less than ninety (90) days' advance written notice of the anticipated date of completion of an Expansion Project. The Authority will inspect the Expansion Project for the purpose of verifying the status of the Expansion Project and notify Customer of the results of the inspection. The Authority will thereafter commence Electric Service within a reasonable time subject to the other provisions of this Agreement based on applicable operating procedures of the Authority, Customer’s local electric utility and NYISO.

   (ii) In the event of an Expansion Project being completed in multiple phases, at the Customer’s request the Authority may, in its discretion, allow commencement of part of the Allocation upon completion of any such phase, provided the Authority will similarly inspect the Expansion Project for the purpose of verifying the status of the completed phase of the Expansion Project. Upon such verification by the
Authority of any such completed phase, the Authority, in its discretion, will determine an amount of kW that fairly corresponds to the completed phase of the Expansion Project, taking into account relevant criteria such as any capital expenditures, increased employment levels, and/or increased electrical demand associated with the completed phase of the Expansion Project.

d. Other Rights and Remedies Unaffected.

Nothing in this Article is intended to limit the Authority’s rights and remedies provided for in the other provisions of this Agreement, including without limitation the provisions in Schedule B of this Agreement.

ARTICLE V
ENERGY-RELATED PROJECTS, PROGRAMS AND SERVICES

The Authority shall periodically communicate with the Customer for the purpose of informing the Customer about energy-related projects, programs and services (“Energy Services”) offered by the Authority that in the Authority’s view could provide value to the Customer and/or support the State’s Clean Energy Standard. The Customer shall review and respond to all such offers in good faith, provided, however, that, except as otherwise provided for in this Agreement, participation in any such Energy Services shall be at the Customer’s option, and subject to such terms and conditions agreed to by the Parties in one or more definitive agreements.

ARTICLE VI
SERVICE TARIFF; CONFLICTS

1. A copy of the Service Tariff is attached to this Agreement as Exhibit 1 and shall apply under this Agreement with the same force and effect as if fully set forth herein. The Customer consents to the application of the Service Tariff.

2. 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 or the Rules, the provisions of this Agreement shall govern.

ARTICLE VII
TRANSMISSION AND DELIVERY

1. The Customer shall be responsible for:

a. complying with all requirements of its local electric utility (including any other interconnecting utilities) that are necessary to enable the Customer to receive delivery service for the Allocation. Delivery of the Allocation shall be subject to the Utility Tariff;

b. paying its local electric utility for delivery service associated with the Allocation in accordance with the Utility Tariff, and if the Authority incurs any charges associated with such delivery service, reimbursing the Authority for all such charges; and
c. obtaining any consents and agreements from any other person that are necessary for the
delivery of the Allocation to the Facility, and complying with the requirements of any such
person, provided that any such consents, agreements and requirements shall be subject to
the Authority’s approval.

2. 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. The
Customer agrees and understands that it shall be responsible to the Authority for all costs
incurred by the Authority with respect to the Allocation for the services established in the
NYISO Tariff, or other applicable tariff (“NYISO Charges”), as set forth in the Service Tariff
or any successor service tariff, regardless of whether such NYISO Charges are transmission-
related.

ARTICLE VIII
BILLING AND BILLING METHODOLOGY

1. The billing methodology for the Allocation shall be determined on a “load factor sharing” basis
in a manner consistent with the Utility Tariff 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.

2. Except as otherwise provided in this Agreement, all other provisions with respect to billing are
set forth in the Service Tariff and the Rules.

3. 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 IX
HYDROPOWER CURTAILMENTS AND SUBSTITUTE ENERGY

1. The Customer shall, on a form provided by the Authority, elect to either (a) purchase
Substitute Energy from the Authority, or (b) rely on Customer-Arranged Energy, for the
purpose of replacing Firm Energy that is not supplied to the Customer due to a Planned
Hydropower Curtailment. The Customer shall make its election in accordance with the time
period and other requirements prescribed in such form. The election shall apply for the entire
calendar year identified in the form.

2. The Customer may change its election on a form provided by the Authority by giving the
Authority notice of such change no later than the first day of November preceding the
calendar year to which the Customer intends such change to become effective. Such change
shall be effective on the first day of January following the Authority’s receipt the Customer’s
notice and shall remain in effect unless it is changed in accordance with the provisions of
Section IX.1.
3. In the event of an anticipated or planned Adverse Water Condition, the Authority will have the right in its discretion to implement Planned Hydropower Curtailments. The Authority will implement Planned Hydropower Curtailments on a non-discriminatory basis as to all Authority customers that are served by the Project. The Authority will provide the Customer with advance notice of Planned Hydropower Curtailments that in the Authority’s judgment will impact Electric Service to the Customer no later than the tenth business day of the month prior to the month in which the Planned Hydropower Curtailment is expected to occur unless the Authority is unable to provide such notice due to the circumstances that impede such notice, in which case the Authority will provide such advance notice that is practicable under the circumstances.

4. If the Customer elected to purchase Substitute Energy from the Authority, the Authority shall provide Substitute Energy to the Customer during all Planned Hydropower Curtailments. Unless otherwise agreed upon by the Parties in writing, Substitute Energy shall be sourced from markets administered by the NYISO. The Authority may require the Customer to enter into one or more separate agreements to facilitate the provision of Substitute Energy to the Customer.

5. If the Customer elected to rely on Customer-Arranged Energy, the Authority shall have no responsibility to provide the Customer with Substitute Energy during any Planned Hydropower Curtailment, and the Customer shall be responsible for the procurement, scheduling, delivery and payment of all costs associated with Customer-Arranged Energy.

6. The Customer shall have the right to reduce its load in response to a Planned Hydropower Curtailment (a “Load Reduction”), provided, however, that the Customer shall, on an Authority form, provide the Authority with no less than seven (7) days’ advance notice of the time period(s) during when the Load Reduction will occur, the estimated amount of the Load Reduction (demand and energy), and all other information required by such form. The Authority will confirm whether the notice provides the required information and proposed Load Reduction has been accepted. The Customer shall reimburse the Authority for all costs that the Authority incurs as a result of the Customer’s failure to provide such notice.

7. In the event of an Adverse Water Condition that the Authority did not anticipate or forecast, the Authority shall have the right in its discretion to implement Unplanned Hydropower Curtailments. The Unplanned Hydropower Curtailments will be implemented on a non-discriminatory basis as to all Authority customers that are served by the Project.

8. The Authority will provide the Customer with notice of Unplanned Hydropower Curtailments that in the Authority’s judgment will impact Electric Service to the Customer within five (5) business days after the first occurrence of an Unplanned Hydropower Curtailment that occurs within a month, and thereafter will provide the Customer with reasonable notice under the circumstances of the potential for any other Unplanned Hydropower Curtailments that are expected to occur within such month or beyond. The Authority will give the Customer notice of any Unplanned Hydropower Curtailments that the Authority believes are likely to exceed forty-eight (48) continuous hours in duration.
9. Notwithstanding the Customer’s election pursuant to Section IX.1, the Authority shall provide the Customer with Substitute Energy during Unplanned Hydropower Curtailments.

10. For each kilowatt-hour of Substitute Energy provided by the Authority during a Planned Hydropower Curtailment, the Customer shall 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. Unless otherwise agreed upon by the Parties in writing, billing and payment for Substitute Energy provided for Planned Hydropower Curtailments shall be governed by the provisions of Service Tariff No. 20 relating to the rendition and payment of bills for Electric Service.

11. The Customer shall be responsible for all costs associated with the Authority’s provision of Substitute Energy during Unplanned Hydropower Curtailments. Unless otherwise agreed upon by the Parties in writing, billing and payment for Substitute Energy provided for Unplanned Hydropower Curtailments shall be governed by the provisions of Service Tariff No. 20 relating to the rendition and payment of bills for Electric Service.

12. The Authority shall be under no obligation to deliver and will not deliver any such curtailed energy to the Customer in later billing periods.

13. The Customer shall not be entitled to power and energy sourced from another Authority power facility, including another Authority hydropower project, as Substitute Energy.

ARTICLE X
EFFECTIVENESS, TERM AND TERMINATION

1. This Agreement shall become effective and legally binding on the Parties on the Effective Date.

2. Once commenced, Electric Service under the Agreement shall continue until the earliest of: (a) termination by the Customer with respect to its Allocation upon ninety (90) days prior written notice to the Authority; (b) termination by the Authority pursuant to this Agreement, the Service Tariff, or the Rules; or (c) expiration of the Allocation by its own term as specified in Schedule A.

3. The Customer may exercise a partial termination of the Allocation upon at least sixty (60) days’ prior written notice to the Authority. The Authority will effectuate the partial termination as soon as practicable after receipt of such notice taking account of the Authority’s internal procedures and requirements of the Customer’s local electric utility.

4. The Authority may cancel service under this Agreement or modify the quantities of Firm Power and Firm Energy associated with the Allocation: (1) if such cancellation 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, the Service Tariff, or the Rules.

ARTICLE XI
EXTENSIONS OF ALLOCATION; AWARD OF ADDITIONAL ALLOCATIONS

1. The Customer may apply to the Authority for an extension of the term of the Allocation identified in Schedule A:
   a. during the thirty-six (36) month period immediately preceding the scheduled expiration of the Allocation;
   b. pursuant to any other process that the Authority establishes; or
   c. with the Authority’s written consent.

2. Upon proper application by the Customer, the Authority may in accordance with applicable law and Authority procedures award additional allocations of PP at such rates and on such terms and conditions as the Authority establishes. If the Customer agrees to purchase Electric Service associated with any such additional allocation, the Authority will (a) incorporate any such additional allocations into Schedule A, or in its discretion will produce a supplemental schedule, to reflect any such additional allocations, and (b) produce a modified Appendix to Schedule B, as the Authority determines to be appropriate. The Authority will furnish the Customer with any such modified Schedule A, supplemental schedule, and/or a modified Appendix to Schedule B, within a reasonable time after commencement of Electric Service for any such additional allocation.

3. In addition to any requirements imposed by law, the Customer hereby agrees to furnish such documentation and other information as the Authority requests to enable the Authority to evaluate any requests for extension of the Allocation or additional allocations and consider the terms and conditions that should be applicable of any extension or additional allocations.

ARTICLE XII
NOTICES

1. Notices, consents, authorizations, approvals, instructions, waivers or other communications provided in this Agreement shall be in writing and transmitted to the Parties as follows:

   To: The Authority

   New York Power Authority
   123 Main Street
   White Plains, New York 10601
   Email: BPAC@nypa.gov
   Facsimile: (914) 390-8156
   Telephone: (914) 681-6200
   Attention: Manager – Business Power Allocations and Compliance

   To: The Customer
2. The foregoing notice/notification information pertaining to either Party may be changed by such Party upon notification to the other Party pursuant to Section XII.1.

3. 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: (a) if sent by U.S. First Class mail addressed to the Party at the address set forth above; (b) 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; (c) if delivered by hand, with written confirmation of receipt; (d) if sent by facsimile to the appropriate fax number as set forth above, with written confirmation of receipt; or (e) on the date of transmission if sent by electronic communication to the appropriate address as set forth above, with 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.

ARTICLE XIII
SUCCESSORS AND ASSIGNS; RESALE OF HYDROPOWER

1. 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 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, which consent shall not be unreasonably withheld or conditioned. Notwithstanding the foregoing sentence, the Authority may require such approvals, and such consents and other agreements from the Customer and other parties, that the Authority determines are necessary in order to effectuate any such assignment.

2. The Customer may not transfer any portion of the Allocation to any other person, or a location different than the Facility, unless: (a) the Authority in its discretion authorizes the transfer Authority; (b) all other requirements applicable to a transfer, including board approvals, are satisfied; and (c) the transfer is effectuated in a form and subject to such terms and conditions approved by the Authority. Any purported transfer that does not comply with the foregoing requirements shall be invalid and constitute grounds for the Authority in its discretion to suspend Electric Service or terminate the Allocation and/or this Agreement.

3. The Customer may not sell any portion of the Allocation to any other person, allow any other person to use any portion of the Allocation, or allow any other person to interconnect to the Facility. Any purported sale shall be invalid and any violation of this provision shall constitute grounds for the Authority in its discretion to suspend Electric Service, or terminate the Allocation and/or this Agreement.
ARTICLE XIV
MISCELLANEOUS

1. **Choice of Law**

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 the Niagara Redevelopment Act (16 USC §§836, 836a) and rulings by the IJC and without regard to conflicts of law provisions.

2. **Venue**

The Parties: (a) consent to the exclusive jurisdiction and venue of any state 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; (b) agree to accept service of process; and (c) will not raise any argument of inconvenient forum.

3. **Previous Agreements; Modifications; and Interpretation**

a. This Agreement shall constitute the sole and complete agreement of the Parties hereto with respect to the sale of the Allocation and the subject matter of the Agreement, and supersedes all previous communications and agreements between the Parties, oral or written, with reference to the sale of the Allocation.

b. 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.

c. No provision shall be construed against a Party on the basis that such Party drafted such provision.

4. **Waiver**

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. 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.

5. **Severability and Voidability**

If any term or provision of this Agreement shall be 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 be deemed to invalidate the remaining terms or provisions hereof. Notwithstanding the preceding sentence, 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 XV
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 as a PDF or similar file type transmitted via electronic mail, cloud based server, e-signature technology or similar electronic means 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:

Upstate Niagara Cooperative, Inc.

By: ______________________________________________

Name: ____________________________________________

Title: _____________________________________________

Date: _____________________________________________

AGREED:

POWER AUTHORITY OF THE STATE OF NEW YORK

By: ______________________________________________

John R. Koelmel, Chairman

Date: ______________________________________________
### SCHEDULE A
**PRESERVATION POWER ALLOCATIONS**

<table>
<thead>
<tr>
<th>Type of Allocation</th>
<th>Allocation Amount (kW)</th>
<th>Facility and Address</th>
<th>Trustee Approval Date</th>
<th>Allocation Expiration Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preservation Power</td>
<td>1,850</td>
<td>22 County Route 52</td>
<td>7/28/2020</td>
<td>June 30, 2030</td>
</tr>
<tr>
<td></td>
<td></td>
<td>North Lawrence, NY 12967</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Customer:**
Upstate Niagara Cooperative, Inc.
SCHEDULE B
SUPPLEMENTAL PRESERVATION POWER COMMITMENTS

ARTICLE I
SPECIFIC SUPPLEMENTAL COMMITMENTS

1. Employment Commitments

   a. The Customer shall create and maintain the employment level set forth in the Appendix to this Schedule B (the “Base Employment Level”). Such Base Employment Level shall be the total number of full-time positions held by: (a) individuals who are employed by the Customer at Customer’s Facility identified in the Appendix to this Schedule, and (b) individuals who are contractors or who are employed by contractors of the Customer and assigned to the Facility identified in such Appendix (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 20 hours per week or more at such Facility shall be counted as one Base Level Employee.

   b. The Base Employment Level shall not be created or maintained by transfers of employees from previously held positions with the Customer or its affiliates within the State of New York, 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.

   c. 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. Any such change shall be within Authority’s discretion.

2. Capital Investment Commitments

   The Customer shall make the capital investments specified in the Appendix to this Schedule B.

3. Power Utilization

   For each month the Authority provides Electric Service to the Customer, the Customer shall utilize the entire Allocation, as represented by the Billing Demand (as such term is described in the Service Tariff), provided, however, that if only part of the Allocation is being utilized in accordance with Schedule C, the Customer shall utilize such partial amount of the Allocation.
4. **Energy Efficiency and Conservation Program**

   a. The Customer shall implement an energy efficiency and conservation program at the Facility through either (a) enrollment of the Facility and participation in NYEM in accordance with a NYEM Agreement, or (b) one or more Physical Energy Audits of the Facility, or (c) a combination of such measures, in accordance with the provisions of this Article.

   b. The Authority shall transmit to the Customer a NYEM Agreement and an election form. The Customer shall elect to either (a) enroll the Facility and participate in NYEM for a three-year term (“NYEM Participation”) in accordance with the NYEM Agreement, or (b) perform a Physical Energy Audit of the Facility. The Customer shall make the election within sixty (60) days of its receipt of the Authority’s communication. If the Customer elects NYEM Participation, it shall execute and return the NYEM Agreement to the Authority with the election form, abide by the NYEM Agreement, and participate in NYEM at its own expense at the rate provided in the NYEM Agreement. If the Customer elects to perform a Physical Energy Audit, it shall perform the Physical Energy Audit within three (3) years of the Effective Date of this Agreement, at its own expense.

   c. The Authority shall, on or before the expiration of the three-year term of the NYEM Agreement, transmit to the Customer a NYEM Agreement specifying the terms and conditions that would apply to NYEM participation for a second term, and an election form. The Customer shall elect either (a) NYEM Participation for a second term, or (b) to perform a Physical Energy Audit of the Facility. The Customer shall make the election within sixty (60) days of its receipt of the Authority’s communication. If the Customer elects NYEM Participation, it shall execute and return the NYEM Agreement to the Authority with the election form, abide by the NYEM Agreement, and participate in NYEM at its own expense at the rate provided in the NYEM Agreement. If the Customer elects to perform a Physical Energy Audit, it shall perform the Physical Energy Audit during the calendar year that begins six years after of the Effective Date of this Agreement, at its own expense.

   d. The Authority may in its discretion waive the requirement for a Physical Energy Audit, or may agree to a limited energy audit of the Facility, where it determines that the Physical Energy Audit is unnecessary based on the age of the Facility, energy efficiency and conservation improvements made at the Facility, the length of the Allocation, or other considerations the Authority determines to be relevant.
ARTICLE II
RECORDKEEPING, REPORTING AND FACILITY ACCESS

1. Employment

A record shall be kept monthly by the Customer, and provided on a calendar year basis to the Authority, of the total number of Base Level Employees who are employed at or assigned to the Customer’s Facility identified in the Appendix to this Schedule, 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 the individuals who are employed by the Customer, and the individuals who are contractors or who are employed by contractors of the Customer, 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.

2. Capital Investments

The Customer shall comply with the recordkeeping, recording and reporting requirements specified in the Appendix to this Schedule B.

3. Power Usage

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 Facility receiving the power covered by the Agreement.

4. Energy Efficiency and Conservation Program

Upon the Authority’s request, the Customer shall provide the Authority with (a) a copy of the results of any Physical Energy Audit performed at the Facility (or, at the Authority’s option, a report describing the results), performed pursuant to this Article; and (b) a description of any energy efficiency or conservation measures that the Customer has implemented at the Facility in response to any Physical Energy Audit or as a result of NYEM Participation.

5. Facility Access

Notwithstanding any other provision of the Agreement, the Customer shall provide the Authority with such access to the Facility, and such documentation, as the
Authority deems necessary to determine the Customer’s compliance with the Customer’s Supplemental Commitments specified in this Schedule B.

ARTICLE III
COMPLIANCE ACTION BY THE AUTHORITY

1. **Employment**

   If the year-end monthly average number of employees is less than 90% of the Base Employment Level set forth in the Appendix to this Schedule B for the subject calendar year, the Authority may reduce the Contract Demand in accordance with the procedures provided in Section III.5 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 ten (10) kW. In the event of a reduction of the Contract Demand to zero, the Agreement shall automatically terminate.

2. **Capital Investment Commitment**

   The Authority may reduce the Contract Demand as provided in the Appendix to this Schedule B if the Customer does not comply with the capital investments provided for in Schedule B.

3. **Power Utilization Level**

   If the average of the Customer’s six (6) highest Billing Demands (as such term is described in the Service Tariff) for Preservation Power is less than 90% of the Customer’s Contract Demand in such calendar year the Authority may reduce the Contract Demand subject to in accordance with the procedures provide in Section III.5 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 ten (10) kW. In the event of a reduction of the Contract Demand to zero, this Agreement shall automatically terminate.

4. **Additional Compliance Action**

   In addition to the Authority’s other rights and remedies provided in this Agreement, the Service Tariff and the Rules, the Authority may suspend Electric Service to the Customer if the Customer does not comply with any of the requirements in Section I.4 or Article II of this Schedule B.
5. **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 Sections III.1, III.2, or III.3 of this Schedule B, the Authority shall provide the Customer with at least thirty (30) days prior written notice of the proposed reduction, specifying the amount and reason for the reduction. Before implementing any reduction, the Authority may consider the Customer’s scheduled or unscheduled maintenance, Facility upgrade periods, and the business cycle. If, at the end of the thirty (30) day notice period, the Authority determines that a reduction is warranted, it shall provide the Customer with notice of such determination and provide the Customer with sixty (60) days to present a proposed plan with actionable milestones to cure the deficiency. The Authority shall respond to the Customer concerning the acceptability of any proposed plan that is provided in accordance with this Section III.5 within thirty (30) days of the Authority’s receipt of such proposed plan. It shall be within the Authority’s discretion whether or not to accept the Customer’s proposed plan, require a different plan, or implement the reduction of the Contract Demand.
APPENDIX TO SCHEDULE B

BASE EMPLOYMENT LEVEL

The Customer shall employ at least 80 full-time employees (“Base Employment Level”) at the Customer’s Facility from the commencement of Electric Service. The Base Employment Level shall be maintained thereafter for the term of the Allocation through the Allocation Expiration Date specified in Schedule A in accordance with Article I of Schedule B.

CAPITAL INVESTMENT COMMITMENTS

1. **Annual Capital Investment Commitment** (if applicable, as specified below)

   a. Each Reporting Year, the rolling average of the annual capital investments made by the Customer at the Facility (“Rolling Average”) shall total not less than $2,000,000 (the “Annual Capital Investment Commitment”). For purposes of this provision, “Rolling Average” means the three-year average comprised of (1) the total amount of capital investments (“Annual CI Expenditures”) made by the Customer at the Facility during the current Reporting Year, and (2) the Annual CI Expenditures made by the Customer at the Facility during the two prior Reporting Years.

   b. Each year, the Customer shall record its Annual CI Expenditures for purposes of enabling the Authority to determine and verify the Rolling Average, which shall be provided to the Authority in a form specified by the Authority on or before the last day of February following the end of the most recent calendar year.

   c. If the Customer’s Rolling Average as determined by the Authority is less than 90% of its Annual Capital Investment Commitment for the Reporting Year, the Contract Demand may be reduced by the Authority in accordance with the procedures provided in Section III.5 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 Rolling Average divided by the Annual Capital Investment Commitment. Any such reduction shall be rounded to the nearest ten (10) kW. In the event of a reduction of the Contract Demand to zero, this Agreement shall automatically terminate.

2. **Expansion Project–Capital Investment Commitment** (if applicable, as specified below)

   a. The Customer shall make a minimum capital investment of $N/A to construct, furnish and/or expand the Facility (“Expansion Project Capital Investment Commitment”). The Expansion Project Capital Investment Commitment is expected to consist of the following approximate expenditures on the items indicated:
b. The Expansion Project Capital Investment Commitment shall be made, and the Facility shall be completed and fully operational, no later than N/A (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 discretion of the Authority.
SCHEDULE C
TAKEDOWN SCHEDULE
I. DEFINITIONS

When used with initial capitalization, whether singular or plural, the following terms, as used in this Schedule, shall have the meanings as set forth below. Capitalized terms not defined in this Schedule shall have the meaning ascribed to them elsewhere in the Agreement, in Service Tariff No. 20, or in the Rules.

“Affected LSEs” has the meaning provided in Section II.2 of this Schedule D.

“CES Order” means the Order issued by the PSC entitled “Order Adopting a Clean Energy Standard, issued on August 1, 2016, in Case Nos. 15-E-0302 and 16-E-0270, and includes all subsequent orders amending, clarifying and/or implementing such Order or the RES.

“Government Action” has the meaning provided in Section II.8 of this Schedule D.

“Load Serving Entity” or “LSE” has the meaning provided in the CES Order.

“NYSERDA” means the New York State Energy Research and Development Authority.

“PP Program ZEC Costs” has the meaning provided in Section II.4.b of this Schedule D.

“Public Service Commission” means the New York State Public Service Commission.

“Renewable Energy Standard” or “RES” means the Renewable Energy Standard adopted by the State in the CES Order.

“RES Compliance Program” means a program or initiative that the Authority has adopted for the purpose of meeting the RES for the load that the Authority serves under the PP power program as authorized in the Power Authority Act.

“State Energy Plan” means the 2015 New York State Energy Plan as amended from time to time.

“Zero Emission Credit” or “ZEC” has the meaning provided in the CES Order.

“Zero Emission Credit Charge” or “ZEC Charge” means the charge to the Customer established in this Schedule D.
“ZEC Program Year” has the meaning provided in Section II.2 of this Schedule D.

“ZEC Purchase Obligation” has the meaning provided in Section II.2 of this Schedule D.

II. ZEC CHARGE

1. Notwithstanding any other provision of the Agreement, or any provision of the Service Tariff or the Rules, the Customer shall be subject to a ZEC Charge as provided in this Schedule D. The ZEC Charge shall be in addition to all other charges, fees and assessments provided for in the Agreement, the Service Tariff and the Rules. By accepting Electric Service under the Agreement, the Customer agrees to pay the ZEC Charge.

2. As provided in the CES Order, the Public Service Commission, as part of the CES and Tier 3 of the Renewable Energy Standard, imposed an obligation on Load Serving Entities that are subject to the CES Order (“Affected LSEs”) to purchase Zero Emission Credits from NYSERDA in an amount representing the Affected LSE’s proportional share of ZECs calculated on the basis of the amount of electric load the LSE serves in relation to the total electric load served by all Load Serving Entities in the New York Control area, to support the preservation of existing at risk nuclear zero emissions attributes in the State (the “ZEC Purchase Obligation”). The ZEC Purchase Obligation is implemented on the basis of program years running from April 1 through March 31 of each year (“ZEC Program Year”).

3. The ZEC Charge is part of a RES Compliance Program that the Authority has adopted for the purpose of supporting the CES and Tier 3 of the RES and implementing the PP power program in a manner that is consistent with the New York State Energy Plan. The Authority will comply with the CES and Tier 3 of the RES by applying a form of ZEC Purchase Obligation to the end-user load for which the Authority serves as a load serving entity, including the load that the Authority serves under the PP power program.

4. The ZEC Charge, which is intended to recover from the Customer costs that the Authority incurs for purchasing ZECs in quantities that are attributable to the Customer’s PP load served under this Agreement, will be determined and assessed to the Customer as follows:

   a. The cost of the total ZEC Purchase Obligation for all LSEs in the New York Control Area, including the Authority as a participating load serving entity, will be assessed pursuant to the methodology provided in the CES Order. The Authority will purchase its proportionate share of ZECs from NYSERDA based on the proportion of the forecasted total kilowatt-hours load served by the
Authority (i.e., total Authority LSE load) in relation to the forecasted total kilowatt-hours load served by all LSEs in the New York Control Area as provided in the CES Order. The ZEC Purchase Obligations may be based on initial load forecasts with reconciliations made at the end of each ZEC Program Year by NYSERDA.

b. The Authority will allocate costs from its ZEC Purchase Obligation between its power programs/load for which it serves as load serving entity, including the PP load that it serves (the “PP Program ZEC Costs”). Such allocation will be based on the forecasted kilowatt-hours load of the PP program to be served by the Authority in relation to the forecasted total kilowatt-hours load served by the Authority (total Authority LSE load) for each ZEC Program Year. In addition, any balance resulting from the ZEC Program Year-end reconciliation of ZEC Purchase Obligations will be allocated to the PP power program based on the proportion of the actual annual kilowatt-hours load served under such programs to total actual annual kilowatt-hours load served by the Authority (total Authority LSE load).

c. The Authority will allocate a portion of the PP Program ZEC Costs to the Customer as the ZEC Charge based on the proportion of the Customer’s actual kilowatt-hours load for the PP purchased by the Customer to total kilowatt-hours load served by the Authority under the PP power program (i.e., PP Program level load). In addition, any balance resulting from the ZEC Program Year-end reconciliation of the ZEC Purchase Obligation referenced above will be passed through to the Customer based on the proportion of the Customer’s annual kilowatt-hours load purchased under this Agreement to total annual kilowatt-hours load served under the PP power program by the Authority (PP Program level load). The ZEC Charge assessed to the Customer shall not include any costs resulting from the Authority’s inability to collect a ZEC Charge from any other Authority customer.

5. The Authority may, in its discretion, include the ZEC Charge as part of the monthly bills for Electric Service as provided for in the Agreement, or bill the Customer for the ZEC Charge pursuant to another Authority-established procedure.

6. The Authority may, in its discretion, modify the methodology used for determining the ZEC Charge and the procedures used to implement such ZEC Charge on a nondiscriminatory basis among affected PP customers, upon consideration of such matters as Public Service Commission orders modifying or implementing the CES Order, guidance issued by the New York Department of Public Service, and other information that the Authority reasonably determines to be appropriate to the determination of such methodology. The Authority shall provide Customer with reasonable notice of any modifications to the methodology or procedures used to determine and implement the ZEC Charge.
7. Nothing in this Schedule shall limit or otherwise affect the Authority’s right to charge or collect from the Customer any rate, charge, fee, assessment, or tax provided for under any other provision of the Agreement, or any provision of the Service Tariff, or the Rules.

8. If the ZEC Purchase Obligation is modified or terminated by the Public Service Commission or other controlling governmental authority (collectively, “Government Action”), the Authority shall modify or terminate the ZEC Charge, and assess any additional charges or provide any credits to the Customer, to the extent that the Authority determines such actions to be appropriate based on such Government Action.
SCHEDULE E
MONTHLY RENEWABLE ENERGY CREDIT CHARGE

I. DEFINITIONS

When used with initial capitalization, whether singular or plural, the following terms, as used in this Schedule, shall have the meanings as set forth below. Capitalized terms not defined in this Schedule shall have the meaning ascribed to them elsewhere in the Agreement, in the Service Tariff No. 20, or in the Rules.

“Alternative REC Compliance Program” has the meaning provided in Section III.1 of this Schedule E.

“Annual REC Percentage Target” has the meaning provided in Section II.2 of this Schedule E.

“CES Order” means the Order issued by the Public Service Commission entitled “Order Adopting a Clean Energy Standard, issued on August 1, 2016, in Case Nos. 15-E-0302 and 16-E-0270, and includes all subsequent orders amending, clarifying and/or implementing such Order or the RES.

“Clean Energy Standard” or “CES” means the Clean Energy Standard adopted by the State in the CES Order.

“Load Serving Entity” has the meaning provided in the CES Order.

“Mandatory Minimum Percentage Proportion” has the meaning provided in the CES Order.

“Monthly Renewable Energy Credit Charge” or “Monthly REC Charge” means the monthly charge to the Customer established in this Schedule E.

“NYSERDA” means the New York State Energy Research and Development Authority.

“Public Service Commission” means the New York State Public Service Commission.

“Renewable Energy Credit” or “REC” refers to a qualifying renewable energy credit as described in the CES Order.
“REC Compliance Measures” mean: (1) the Authority’s procurement of RECs from NYSERDA in accordance with NYSERDA procedures and/or the CES Order; (2) the Authority’s procurement of RECs from available REC markets; (3) the Authority’s procurement of RECs from sources other than those identified in items (1) and (2) of this definition, including through a procurement process adopted by the Authority; and/or (4) any other measure that the PCS authorizes a Load Serving Entity to implement for the purpose of meeting the applicable Mandatory Minimum Percentage Proportion.

“Renewable Energy Standard” or “RES” means the Renewable Energy Standard adopted by the State in the CES Order.

“RES Compliance Program” means a program or initiative that the Authority has adopted for the purpose of meeting the RES for the load that the Authority serves under the PP power program as authorized in the Power Authority Act.

“State Energy Plan” means the 2015 New York State Energy Plan as amended from time to time.

“Total Monthly PP Load” has the meaning provided in Section II.3.b of this Schedule E

“Total Monthly REC Costs” has the meaning provided in Section II.3.b of this Schedule E.

II. MONTHLY REC CHARGE

1. Notwithstanding any other provision of the Agreement, or any provision of the Service Tariff, or the Rules, the Customer shall be subject to a Monthly REC Charge as provided in this Schedule E. The Monthly REC Charge is in addition to all other charges, fees and assessments provided in the Agreement, the Service Tariff and the Rules. By accepting Electric Service under the Agreement, the Customer agrees to pay the Monthly REC Charge.

2. The Monthly REC Charge is part of a RES Compliance Program that the Authority has adopted for the purpose of complying with the CES and Tier 1 of the RES and implementing the PP power program in a manner that is consistent with the New York State Energy Plan, pursuant to which the Authority will invest in new renewable generation resources to serve its PP customers. Such investments will be made through the procurement of RECs through REC Compliance Measures in quantities that are intended to address the annual Mandatory Minimum Percentage Proportions as applied by the Authority to the total PP load that the Authority will serve each calendar year (the “Annual REC Percentage Target”) for the purpose of ultimately meeting the RES.
3. The Monthly REC Charge, which is intended to recover from the Customer costs that the Authority incurs for implementing REC Compliance Measures that are attributable to the Customer’s PP load served under this Agreement, will be determined and assessed to the Customer as follows:

a. The Authority shall have the right, for each calendar year to implement such REC Compliance Measures as it determines in its discretion to be appropriate for the purpose of meeting the Annual REC Percentage Target for the total PP load that it will serve during such calendar year.

b. The Authority will, for each month of each calendar year, calculate the total costs (“Total Monthly REC Costs”) that the Authority has incurred or estimates that it will incur from implementing RES Compliance Measures for the purpose of meeting the Annual REC Percentage Target for the total PP kilowatt-hour load for the month (“Total Monthly PP Load”). The Total Monthly REC Costs may be calculated based on forecasts of the Total Monthly PP Load that the Authority expects to serve for the month, or on a lagged basis based on the actual Total Monthly PP Load that the Authority served for the month.

c. Each month, the Authority will assess to the Customer, as a Monthly REC Charge, which will represent the Customer’s share of the Total Monthly REC Costs assessed to the Total Monthly PP Load. The Monthly REC Charge will be assessed as the proportion of the Customer’s total kilowatt-hours load served by the Authority for such month to the Total Monthly PP Load served by the Authority for such month, provided, however, that:

i. the Monthly REC Charge to the Customer shall not include any costs associated with the Authority’s inability to collect the Monthly REC Charge from other Authority customers; and

ii. the effective per-MWh rate of the Monthly REC Charge to the Customer averaged over the REC Program Year to which the Annual REC Percentage Target applies shall not exceed the per-MWh rate of a Monthly REC Charge based on NYSERDA’s published REC price for the REC Program Year.

4. The Authority may, in its discretion, include the Monthly REC Charge as part of the monthly bills for Electric Service as provided for in the Agreement, or bill the Customer for the Monthly REC Charge pursuant to another Authority-established procedure.

5. The Authority will, at the conclusion of each calendar year in which it assesses a Monthly REC Charge, conduct a reconciliation process based on the actual costs that it incurred for REC Compliance Measures and actual load served for the year, compared with cost or load estimates or forecasts, if any, that the Authority used to calculate the Customer’s Monthly REC Charges during the year. The Authority
will issue a credit, or an adjusted final charge for the year, as appropriate, based on the results of such reconciliation process. Any such final charge shall be payable within the time frame applicable to the Authority’s bills for Electric Service under this Agreement or pursuant to any other procedure established by the Authority pursuant to Section II.4 of this Schedule E.

6. Notwithstanding the provisions of Section II.3 of this Schedule E, if Electric Service for the Allocation is commenced after the Authority has implemented REC Compliance Measures for the year in which such Electric Service is commenced, and as a result the Customer’s load cannot be accounted for in such REC Compliance Measures, the Authority may in its discretion implement separate REC Compliance Measures in order to meet the Annual REC Percentage Target for Customer’s load for the year, and bill the Customer for the costs associated with such separate REC Compliance Measures.

7. Nothing in this Schedule shall limit or otherwise affect the Authority’s right to charge or collect from the Customer, any rate, charge, fee, assessment, or tax provided for under any other provision of the Agreement, or any provision of the Service Tariff, or the Rules.

III. ALTERNATIVE REC COMPLIANCE PROGRAM

1. Nothing in this Schedule E shall be construed as preventing the Parties from entering into other agreements for an alternative arrangement for the Authority to meet the Annual REC Percentage Target with respect to the Customer’s Allocation, including but not limited to Customer self-supply of RECs, alternative REC compliance programs and cost allocation mechanisms, in lieu of the Monthly REC Charge provided in this Schedule E (collectively, “Alternative REC Compliance Program”).

2. The Authority shall communicate at least biennially with the Customer concerning implementation of the RES Compliance Program and potential Alternative REC Compliance Programs, if any, that the Authority is offering or expects to offer.
POWER AUTHORITY OF THE STATE OF NEW YORK
30 SOUTH PEARL STREET
ALBANY, NY  12207

Schedule of Rates for Sale of Firm Power Service to
Preservation Power Customers
(Local Electric Utility Delivery)

Service Tariff No. 20
### Table of Contents

**Schedule of Rates for Firm Power Service**

<table>
<thead>
<tr>
<th>Section</th>
<th>Leaf No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. Applicability</td>
<td>3</td>
</tr>
<tr>
<td>II. Abbreviations and Terms</td>
<td>3</td>
</tr>
<tr>
<td>III. Monthly Rates and Charges</td>
<td>5</td>
</tr>
<tr>
<td>A. Preservation Power (PP) Base Rates</td>
<td>5</td>
</tr>
<tr>
<td>B. PP Rates No Lower than Rural/Domestic Rate</td>
<td>5</td>
</tr>
<tr>
<td>C. Monthly Base Rates Exclude Delivery Service Charges</td>
<td>5</td>
</tr>
<tr>
<td>D. Minimum Monthly Charge</td>
<td>5</td>
</tr>
<tr>
<td>E. Estimated Billing</td>
<td>6</td>
</tr>
<tr>
<td>F. Adjustments to Charges</td>
<td>7</td>
</tr>
<tr>
<td>G. Billing Period</td>
<td>7</td>
</tr>
<tr>
<td>H. Billing Demand</td>
<td>7</td>
</tr>
<tr>
<td>I. Billing Energy</td>
<td>7</td>
</tr>
<tr>
<td>J. Contract Demand</td>
<td>7</td>
</tr>
<tr>
<td>IV. General Provisions</td>
<td>8</td>
</tr>
<tr>
<td>A. Character of Service</td>
<td>8</td>
</tr>
<tr>
<td>B. Availability of Energy</td>
<td>8</td>
</tr>
<tr>
<td>C. Delivery</td>
<td>8</td>
</tr>
<tr>
<td>D. Adjustment of Rates</td>
<td>8</td>
</tr>
<tr>
<td>E. Billing Methodology and Billing</td>
<td>9</td>
</tr>
<tr>
<td>F. Payment by Customer to Authority</td>
<td>9</td>
</tr>
<tr>
<td>1. Demand and Energy Rates, Taxes</td>
<td>9</td>
</tr>
<tr>
<td>2. Transmission Charge</td>
<td>10</td>
</tr>
<tr>
<td>3. NYISO Transmission and Related Charges</td>
<td>10</td>
</tr>
<tr>
<td>4. Taxes Defined</td>
<td>10</td>
</tr>
<tr>
<td>5. Substitute Energy</td>
<td>10</td>
</tr>
<tr>
<td>6. Other Charges</td>
<td>11</td>
</tr>
<tr>
<td>7. Payment Information</td>
<td>11</td>
</tr>
<tr>
<td>8. Billing Disputes</td>
<td>11</td>
</tr>
<tr>
<td>G. Rendition and Payment of Bills</td>
<td>12</td>
</tr>
<tr>
<td>H. Adjustment of Charges – Distribution Losses</td>
<td>13</td>
</tr>
<tr>
<td>I. Conflicts</td>
<td>13</td>
</tr>
<tr>
<td>V. Annual Adjustment Factor</td>
<td>14</td>
</tr>
</tbody>
</table>
Schedule of Rates for Firm Power Service

I. Applicability

To sales of Preservation Power made directly to a qualified business Customer for firm power service that is delivered by the Customer’s local electric utility.

II. Abbreviations and Terms

- kW kilowatt(s)
- kW-mo. kilowatt-month
- kWh kilowatt-hour(s)
- MWh megawatt-hour(s)
- NYISO New York Independent System Operator, Inc. or any successor organization
- PAL New York Public Authorities Law
- OATT Open Access Transmission Tariff issued by the NYISO

Agreement: An executed written agreement between the Authority and the Customer for the sale of Preservation Power to the Customer.

Annual Adjustment Factor or AAF: This term shall have the meaning set forth in Section V herein.

Authority: 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.”

Customer: A business entity that (1) has received an Allocation of Preservation Power, (2) purchases such Preservation Power directly from the Authority, and (3) receives delivery of the Preservation Power from a local electric utility.

Electric Service: The power and energy provided to the Customer in accordance with the Agreement, this Service Tariff and the Rules.

Firm Power: Hydropower 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.

Firm Energy: Energy (kWh) associated with Firm Power.
Load Factor Sharing or LFS: A type of billing methodology applicable to a Customer’s Allocation which determines how a Customer’s total Native System Load is apportioned between the power and energy supplied by the Allocation and the Customer’s other source of electricity supply, if any. LFS is used to determine the amount of Firm Energy supplied and billed on the basis of the Customer’s actual total Native System Load per the monthly billing cycle as follows:

1. When the Maximum Metered Demand is less than (<) the Contract Demand, then the Customer’s entire load will be supplied by Firm Energy.
2. When the Maximum Metered Demand is greater than (>) the Contract Demand, then the Customer’s portion of Firm Energy supply will be determined as follows:
   a. For Hourly Billing: \[ \sum \left( \frac{\text{Contract Demand}}{\text{Maximum Metered Demand}} \times \text{the in-hour demand of Customer's total Native System Load for all hours} \right) \]
   b. For Monthly Billing: \[ \left( \frac{\text{Contract Demand}}{\text{Maximum Metered Demand}} \times \text{the total consumed energy by the Customer within the bill cycle} \right) \]

Load Serving Entity or LSE: This term shall have the meaning set forth in the Agreement.

Maximum Metered Demand: The highest 15 or 30-minute integrated demand, as determined by the local electric utility, during each Billing Period recorded on the meter that is used by the Customer in accordance with this Service Tariff and the Agreement.

Native System Load: The total consumption of the Customer’s electric system, as determined by the Authority’s revenue-grade metering equipment, without the offset of Customer’s behind the meter generation. It is represented as the sum of all incoming power, plus internal generation behind the system meter, minus power exports to the bulk electric system.

Preservation Power or PP: 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), and that is delivered by the Customer’s local electric utility.

Project: The Authority’s St. Lawrence-FDR Power Project, FERC Project No. 2000.

Rate Year or RY: The period from July 1 through June 30. For example, RY 2018 refers to July 1, 2018 through June 30, 2019.

Rules: The Authority’s rules and regulations set forth in 21 NYCRR § 450 et seq., as they may be amended from time to time.

Service Tariff: This Service Tariff No. 20.

All other capitalized terms and abbreviations used in this Service Tariff but not defined in this Section or other provisions of this Service Tariff shall have the same meaning as set forth in the Agreement.
III. Monthly Rates and Charges

A. Preservation Power (PP) Base Rates

The rates to be charged to the Customer by the Authority shall be as follows:

<table>
<thead>
<tr>
<th>Rate Year</th>
<th>Billing Period</th>
<th>Demand ($/kW)</th>
<th>Energy ($/MWh)</th>
</tr>
</thead>
</table>

B. PP Rates No Lower than Rural/Domestic Rate

At all times the applicable PP 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) (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 PP 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 rate specified in Section III.A 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, and any other charges provided in this Service Tariff, the Agreement or the Rules.
E. **Estimated Billing**

If the Authority, in its discretion, determines that it lacks reliable data on the Customer’s actual demand and/or energy usage for a Billing Period during which the Customer receives Electric Service from the Authority, the Authority shall have the right to render a bill to the Customer for such Billing Period based on estimated demand and estimated usage (“Estimated Bill”).

For the purpose of calculating a Billing Demand charge for an Estimated Bill, the demand charge will be calculated based on a load factor sharing billing methodology as follows:

- The estimated demand amount (kW) will be calculated based on an average of the Customer’s Billing Demand (kW) values for the previous three (3) consecutive Billing Periods. If such historical data is not available, then the estimated demand amount (kW) for the Estimated Bill will equal the Customer’s takedown (kW) amount.

For the purpose of calculating a Billing Energy charge for an Estimated Bill, the energy charge will be calculated based on a load factor sharing billing methodology as follows:

- The estimated energy (kWh) will be based on the average of the Customer’s Billing Energy (kWh) values for the previous three (3) consecutive Billing Periods. If such historical data is not available, then the estimated energy amount (kWh) will be equal to the takedown (kW) amount at 70 percent load factor for that Billing Period.

If an alternative billing methodology is applicable to the Customer, the demand charge and energy charge for rendering an Estimated Bill shall be calculated in a manner appropriate to such alternative billing methodology as determined by the Authority.

If data indicating the Customer’s actual demand and usage for any Billing Period in which an Estimated Bill was rendered is subsequently provided to the Authority, the Authority will make necessary adjustments to the corresponding Estimated Bill and, as appropriate, render a revised bill (or provide a credit) to the Customer.

The Minimum Monthly Charge provisions of Section III.D shall apply to Estimated Bills.

The Authority’s discretion to render Estimated Bills is not intended and shall not be construed to limit the Authority’s rights under the Agreement.
F. **Adjustments to Charges**

In addition to any other adjustments provided for in this Service Tariff, in any Billing Period, the Authority may make appropriate adjustments to billings and charges to address such matters as billing and payment errors, and the receipt of actual, additional, or corrected data concerning Customer energy or demand usage.

G. **Billing Period**

The Billing Period is 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 Facility is located.

H. **Billing Demand**

Billing Demand shall be determined by applying the applicable billing methodology to total Native System Load meter readings during the Billing Period. See Section IV.E, below.

I. **Billing Energy**

Billing Energy shall be determined by applying the applicable billing methodology to total Native System Load meter readings during the Billing Period. See Section IV.E, below.

J. **Contract Demand**

The Contract Demand will be the amount of Preservation Power, not to exceed the Allocation, provided by the Authority to the Customer in accordance with the Agreement.
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. In the event of an Adverse Water Condition, the rights and obligations of the Customer and Authority, including but not limited to such matters as Substitute Energy and responsibility for payment of costs associated therewith, will be governed by the Agreement.

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 or any successor provision addressing adjustments.

D. Adjustment of Rates

To the extent not inconsistent with the Agreement, the base 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

Unless otherwise specified in the Agreement, the following provisions shall apply:

1. The billing methodology used to determine the amount of Firm Power and Firm Energy to be billed to the Customer related to its Allocation shall be Load Factor Sharing (“LFS”) in a manner consistent with the Agreement and any applicable delivery agreement between the Authority and the Customer’s local electric utility or both as determined by the Authority. An alternative billing methodology may be used provided the Customer and the Authority agree in writing and the Customer’s local electric utility provides its consent if the Authority determines that such consent is necessary.

2. Billing Energy - The LFS methodology will be applied against the Customer’s Native System Load during the Billing Period to determine the amount of Firm Energy (kWh) attributable to the Allocation (Billing Energy) to be billed to the Customer and charged at the applicable PP Rate. All energy quantities will be adjusted for losses.

3. Billing Demand – The LFS methodology will be applied against the Customer’s Maximum Metered Load during the Billing Period to determine the amount of Firm Power (kW) attributable to the Allocation (Billing Demand) to be billed to the Customer and charged at the applicable PP Rate. Billing Demand may not exceed the amount of the Contract Demand. All demand quantities will be adjusted for losses.

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 Minimum Monthly Charge (as defined herein):

   a. The demand rate 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 rate 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**

   The Customer shall compensate the Authority for the following NYISO transmission and related charges (collectively, “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 inclusive of any rents collected or owed due to any associated grandfathered transmission congestion contracts 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 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.

   The method of billing NYISO charges to the Customer will be based on Authority’s discretion.

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. **Other Charges**

   The Customer shall pay the Authority for all other charges provided for in the Agreement.

7. **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 / NYPA A/C # 008-030383, unless otherwise indicated in writing by the Authority. The Authority may in its discretion change the foregoing account and routing information upon notice to the Customer.

8. **Billing Disputes**

   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. Rendition and Payment of Bills

1. The Authority will render bills to the Customer for Electric Service on or before the twentieth (20th) calendar day of the month for charges due for the previous Billing Period. Such bills shall include charges for Electric Service, NYISO Charges associated with the Allocation (subject to adjustment consistent with any later NYISO re-billings to the Authority), and all other applicable charges, and are subject to adjustment as provided for in the Agreement, the Service Tariff and the Rules.

2. 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.

3. Unless otherwise agreed to by the Authority and the Customer in writing, the Authority will render bills to the Customer electronically.

4. Payment of bills by the Customer shall be due and payable by the Customer within twenty (20) days of the date the Authority renders the bill.

5. Except as otherwise agreed by the Authority in writing, if the Customer fails to pay any bill when due an interest charge of two percent of the amount unpaid will be added thereto as liquidated damages, and thereafter, as further liquidated damages, an additional interest charge of one and one-half percent 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.

6. If at any time after commencement of Electric Service the Customer fails to make complete payment of any two (2) bills for Electric Service when such bills become due pursuant to Agreement, the Authority shall have the right to require that the Customer 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 will be deemed security for the payment of unpaid bills and/or other claims of the Authority against the Customer upon termination of Electric Service. The failure or refusal of the Customer to provide the deposit within thirty (30) days of a request for such deposit will be grounds for the Authority in its discretion to suspend Electric Service to the Customer or terminate the Agreement.

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. Adjustment of Charges – Distribution Losses

The Authority will make appropriate adjustments to compensate for distribution losses of the local electric utility.

I. 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 or the Rules, the provisions of the Agreement shall govern.
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, subject to a maximum adjustment of ±5.0% ("±5% Collar"). Amounts outside the ±5% Collar shall be referred to as the “Excess.”

   - **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:** Commencing RY 2014, modifications to the AAF will be subject to ±5% Collar, as described below.

     a) When the AAF falls outside the ±5% Collar, the Excess will be carried over to the subsequent RY. If the AAF in the subsequent RY is within the ±5% Collar, the current RY Excess will be added to/subtracted from the subsequent Rate Year’s AAF, up to the ±5% Collar.
b) Excesses will continue to accrue without limit and carry over such that they will be added to/subtracted from the AAF in any year where the AAF is within the ±5% Collar.

Step 4: 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 to reflect, the Customer and the Authority may mutually select a substitute Index. The Customer and the Authority agree to mutually select substitute indices within 90 days, once one of them is notified by the other that the indices are no longer available or no longer reflect the relevant factors or changes which the indices were intended 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 the Customer and Authority are unable to reach agreement on substitute indices within the 90-day period, the Customer and the Authority 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 or reflective of their intended purpose 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, 2017 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></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>205.3</td>
<td>167.8</td>
</tr>
<tr>
<td>February</td>
<td>204.3</td>
<td>167.6</td>
</tr>
<tr>
<td>March</td>
<td>204.5</td>
<td>168.2</td>
</tr>
<tr>
<td>April</td>
<td>202.4</td>
<td>168.6</td>
</tr>
<tr>
<td>May</td>
<td>206.3</td>
<td>171.6</td>
</tr>
<tr>
<td>June</td>
<td>220.4</td>
<td>180.1</td>
</tr>
<tr>
<td>July</td>
<td>226.2</td>
<td>182.7</td>
</tr>
<tr>
<td>August</td>
<td>227.3</td>
<td>179.2</td>
</tr>
<tr>
<td>September</td>
<td>228.1</td>
<td>181.8</td>
</tr>
<tr>
<td>October</td>
<td>214.9</td>
<td>170.2</td>
</tr>
<tr>
<td>November</td>
<td>211.3</td>
<td>168.8</td>
</tr>
<tr>
<td>December</td>
<td>211.7</td>
<td>166.6</td>
</tr>
</tbody>
</table>

Average         213.6                 223.7

Ratio of MY/MY-1 0.95
## 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 (2015)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CT</td>
<td>444,588</td>
<td>3,432,002</td>
<td></td>
</tr>
<tr>
<td>MA</td>
<td>1,068,927</td>
<td>7,892,165</td>
<td></td>
</tr>
<tr>
<td>ME</td>
<td>290,360</td>
<td>3,208,045</td>
<td></td>
</tr>
<tr>
<td>NH</td>
<td>252,331</td>
<td>1,981,028</td>
<td></td>
</tr>
<tr>
<td>NJ</td>
<td>778,985</td>
<td>7,320,398</td>
<td></td>
</tr>
<tr>
<td>NY</td>
<td>1,140,573</td>
<td>18,079,200</td>
<td></td>
</tr>
<tr>
<td>OH</td>
<td>3,548,736</td>
<td>50,556,675</td>
<td></td>
</tr>
<tr>
<td>PA</td>
<td>3,411,815</td>
<td>47,404,272</td>
<td></td>
</tr>
<tr>
<td>RI</td>
<td>109,866</td>
<td>798,532</td>
<td></td>
</tr>
<tr>
<td>VT</td>
<td>146,022</td>
<td>1,421,601</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>11,192,203</td>
<td>142,093,918</td>
<td>7.88</td>
</tr>
</tbody>
</table>

<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 -1 (2014)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CT</td>
<td>453,958</td>
<td>3,514,798</td>
<td></td>
</tr>
<tr>
<td>MA</td>
<td>1,014,262</td>
<td>7,960,941</td>
<td></td>
</tr>
<tr>
<td>ME</td>
<td>300,412</td>
<td>3,357,486</td>
<td></td>
</tr>
<tr>
<td>NH</td>
<td>234,900</td>
<td>1,969,064</td>
<td></td>
</tr>
<tr>
<td>NJ</td>
<td>855,757</td>
<td>7,516,616</td>
<td></td>
</tr>
<tr>
<td>NY</td>
<td>1,184,255</td>
<td>18,002,976</td>
<td></td>
</tr>
<tr>
<td>OH</td>
<td>3,440,919</td>
<td>50,829,251</td>
<td></td>
</tr>
<tr>
<td>PA</td>
<td>3,580,990</td>
<td>48,317,693</td>
<td></td>
</tr>
<tr>
<td>RI</td>
<td>114,111</td>
<td>887,150</td>
<td></td>
</tr>
<tr>
<td>VT</td>
<td>145,111</td>
<td>1,417,994</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>11,324,673</td>
<td>143,773,969</td>
<td>7.88</td>
</tr>
</tbody>
</table>

**Ratio of MY/MY-1** 1.00
• Index 3 – Producer Price Index, Industrial Commodities Less Fuel

<table>
<thead>
<tr>
<th>Measuring Year</th>
<th>Measuring Year -1</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>191.9</td>
</tr>
<tr>
<td>February</td>
<td>191.8</td>
</tr>
<tr>
<td>March</td>
<td>192.1</td>
</tr>
<tr>
<td>April</td>
<td>192.8</td>
</tr>
<tr>
<td>May</td>
<td>193.4</td>
</tr>
<tr>
<td>June</td>
<td>193.7</td>
</tr>
<tr>
<td>July</td>
<td>193.7</td>
</tr>
<tr>
<td>August</td>
<td>194.0</td>
</tr>
<tr>
<td>September</td>
<td>193.9</td>
</tr>
<tr>
<td>October</td>
<td>194.3</td>
</tr>
<tr>
<td>November</td>
<td>194.9</td>
</tr>
<tr>
<td>December</td>
<td>195.6</td>
</tr>
<tr>
<td>Average</td>
<td>193.5</td>
</tr>
<tr>
<td>Ratio of MY/MY-1</td>
<td></td>
</tr>
</tbody>
</table>

**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>0.95</td>
<td>0.35</td>
<td>0.334</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>1.00</td>
<td>0.25</td>
<td>0.249</td>
</tr>
<tr>
<td>AAF</td>
<td></td>
<td></td>
<td><strong>0.983</strong></td>
</tr>
</tbody>
</table>

**STEP 3**

Apply Collar of ±5.0% to Determine the Maximum/Minimum AAF.

-5.0% < 1.6% < 5.0%; collar does not apply, assuming no cumulative excess.
### STEP 4

Apply AAF to Calculate the New Rate Year Base Rate

<table>
<thead>
<tr>
<th></th>
<th>Demand</th>
<th>Energy</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$/kW-mo.</td>
<td>$/MWh</td>
</tr>
<tr>
<td>Current Rate Year Base Rate</td>
<td>8.03</td>
<td>13.73</td>
</tr>
<tr>
<td>New Rate Year Base Rate</td>
<td>7.90</td>
<td>13.50</td>
</tr>
</tbody>
</table>
Step 1. Determine the Index Value for the Measuring Year and Measuring Year - 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>2018</td>
<td>2017</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>CT</th>
<th>MA</th>
<th>ME</th>
<th>NH</th>
<th>NJ</th>
<th>NY</th>
<th>OH</th>
<th>PA</th>
<th>RI</th>
<th>VT</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan</td>
<td>243.4</td>
<td>231.8</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Feb</td>
<td>245.3</td>
<td>232.9</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mar</td>
<td>241.0</td>
<td>234.2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Apr</td>
<td>237.7</td>
<td>234.3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>May</td>
<td>241.3</td>
<td>237.1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>June</td>
<td>252.5</td>
<td>251.0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>July</td>
<td>258.8</td>
<td>253.4</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aug</td>
<td>255.7</td>
<td>251.2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sept</td>
<td>255.4</td>
<td>249.0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Oct</td>
<td>246.6</td>
<td>238.7</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nov</td>
<td>240.2</td>
<td>236.8</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dec</td>
<td>241.0</td>
<td>237.4</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Average</th>
<th>247.1</th>
<th>240.7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratio of MY/MY-1</td>
<td>1.03</td>
<td></td>
</tr>
</tbody>
</table>

### Index 2.

**EIA INDUSTRIAL RATE**

<table>
<thead>
<tr>
<th>STATE</th>
<th>Measuring Year (2017)</th>
<th>Revenues ($000)</th>
<th>Sales MWh</th>
<th>Avg. Rate (cents/kwh)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CT</td>
<td>424,986</td>
<td>3,243,615</td>
<td></td>
<td></td>
</tr>
<tr>
<td>MA</td>
<td>952,295</td>
<td>6,859,215</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ME</td>
<td>244,676</td>
<td>2,658,353</td>
<td></td>
<td></td>
</tr>
<tr>
<td>NH</td>
<td>241,347</td>
<td>1,955,926</td>
<td></td>
<td></td>
</tr>
<tr>
<td>NJ</td>
<td>742,874</td>
<td>7,343,012</td>
<td></td>
<td></td>
</tr>
<tr>
<td>NY</td>
<td>1,055,297</td>
<td>17,811,455</td>
<td></td>
<td></td>
</tr>
<tr>
<td>OH</td>
<td>3,593,104</td>
<td>50,650,671</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PA</td>
<td>3,241,741</td>
<td>47,889,117</td>
<td></td>
<td></td>
</tr>
<tr>
<td>RI</td>
<td>105,708</td>
<td>725,767</td>
<td></td>
<td></td>
</tr>
<tr>
<td>VT</td>
<td>145,424</td>
<td>1,423,644</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>10,657,452</td>
<td>140,560,775</td>
<td>7.58</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Measuring Year -1 (2016)</th>
<th>Revenues ($000)</th>
<th>Sales MWh</th>
<th>Avg. Rate (cents/kwh)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CT</td>
<td>431,744</td>
<td>3,370,068</td>
<td></td>
</tr>
<tr>
<td>MA</td>
<td>1,004,205</td>
<td>7,507,380</td>
<td></td>
</tr>
<tr>
<td>ME</td>
<td>257,723</td>
<td>2,876,638</td>
<td></td>
</tr>
<tr>
<td>NH</td>
<td>246,798</td>
<td>2,000,357</td>
<td></td>
</tr>
<tr>
<td>NJ</td>
<td>741,084</td>
<td>7,293,070</td>
<td></td>
</tr>
<tr>
<td>NY</td>
<td>1,067,777</td>
<td>17,709,218</td>
<td></td>
</tr>
<tr>
<td>OH</td>
<td>3,508,525</td>
<td>50,290,693</td>
<td></td>
</tr>
<tr>
<td>PA</td>
<td>3,262,271</td>
<td>47,127,932</td>
<td></td>
</tr>
<tr>
<td>RI</td>
<td>103,047</td>
<td>764,285</td>
<td></td>
</tr>
<tr>
<td>VT</td>
<td>147,875</td>
<td>1,446,003</td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>10,771,048</td>
<td>140,385,654</td>
<td>7.67</td>
</tr>
</tbody>
</table>

| Ratio of MY/MY-1 | 1.03 |

### Index 3.

**PRODUCER PRICE INDEX - INDUSTRIAL COMMODITIES LESS FUEL**

<table>
<thead>
<tr>
<th>Measuring Year</th>
<th>Measuring Year -1</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>2017</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>CT</th>
<th>MA</th>
<th>ME</th>
<th>NH</th>
<th>NJ</th>
<th>NY</th>
<th>OH</th>
<th>PA</th>
<th>RI</th>
<th>VT</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan</td>
<td>203.0</td>
<td>196.8</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Feb</td>
<td>203.8</td>
<td>197.8</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mar</td>
<td>204.8</td>
<td>198.7</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Apr</td>
<td>205.4</td>
<td>199.3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>May</td>
<td>206.3</td>
<td>199.2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>June</td>
<td>207.0</td>
<td>199.4</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>July</td>
<td>207.4</td>
<td>199.2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aug</td>
<td>207.6</td>
<td>199.7</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sept</td>
<td>207.9</td>
<td>200.0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Oct</td>
<td>208.7</td>
<td>200.9</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nov</td>
<td>208.5</td>
<td>201.5</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dec</td>
<td>207.8</td>
<td>201.7</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Average</th>
<th>206.5</th>
<th>199.5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratio of MY/MY-1</td>
<td>1.04</td>
<td></td>
</tr>
</tbody>
</table>

Ratio of MY/MY-1: 0.99
NEW YORK POWER AUTHORITY
HYDROELECTRIC PROJECTS
PRESERVATION POWER RATES
Effective July 1, 2019

Step 2. Determine Annual Adjustment Factor 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>0.359</td>
</tr>
<tr>
<td>EIA Industrial Rate</td>
<td>0.99</td>
<td>0.40</td>
<td>0.395</td>
</tr>
<tr>
<td>PPI Industrial Commodities less fuel</td>
<td>1.04</td>
<td>0.25</td>
<td>0.259</td>
</tr>
<tr>
<td>Annual Adjustment Factor</td>
<td></td>
<td></td>
<td>1.0134</td>
</tr>
</tbody>
</table>

Step 3. Apply Annual Adjustment Factor to Calculate Adjusted Base Rate

<table>
<thead>
<tr>
<th>Preserved Power</th>
<th>Demand /kw</th>
<th>Energy /mwh</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Rate Year Base Rate</td>
<td>7.90</td>
<td>13.50</td>
</tr>
<tr>
<td><strong>New Rate Year Base Rate</strong></td>
<td><strong>8.01</strong></td>
<td><strong>13.68</strong></td>
</tr>
</tbody>
</table>
1. Economic Development Power Programs – Customer Assistance Program

The President and Chief Executive Officer submitted the following report:

"SUMMARY

The Trustees are requested to approve two temporary measures to provide financial relief to customers in the Authority’s Economic Development Power Programs, that are subject to the Annual Adjustment Factor (‘AAF’), described below: (1) suspension of the AAF which is otherwise scheduled under applicable tariffs to be applied to energy and demand rates annually on July 1st, for a period of one year from July 1, 2020 through June 30, 2021; and (2) provision to such customers of the option to defer payment of energy bills to the Authority, beginning with the April 2020 invoice, for up to 6 months, with repayment of deferred amounts to occur in equal installments over the subsequent 18-month period.

BACKGROUND

Several programs at the Authority utilize low-cost hydroelectric power as an incentive to spur economic growth throughout the state for commercial and industrial customers. These programs include the Authority’s Recharge New York, Western New York, Expansion Power & Replacement Power, and Preservation Power programs. Each of these programs requires a commitment from the recipients of job growth within their business, job retention and/or capital commitment.

Under the applicable tariffs for these programs (the ‘Economic Development Power Programs’), energy and demand rates are subject to adjustment based on the AAF. The AAF is based upon a weighted average of three economic indices: 1) BLS Industrial Power Price (35% weight); 2) EIA Average Industrial Power Price (40% weight); and 3) BLS Industrial Commodities Price Less Fuel (25% weight). The AAF, whether it represents an increase or decrease, is normally applied to program base rates annually on July 1st, in accordance with the applicable tariffs.

DISCUSSION

Based upon the current economic conditions relating to COVID-19, the Authority has explored options to help its Economic Development Power Program customers through these fiscally difficult times. Staff has developed a two-part plan to ease the financial strain being experienced by many throughout the State in the hope that businesses will be able to endure the slowdown and retain employees to the extent possible.

The first phase of this new initiative is the suspension, for a period of one year, of the AAF under applicable tariffs to energy and demand rates for customers in the Authority’s Economic Development Power Programs, beginning with the adjustment that would have taken effect on July 1, 2020.

The second phase of the assistance program, designed to provide immediate cash relief to eligible customers in such programs, is the option to defer payment of energy bills to the Authority for up to 6 months, beginning with the April 2020 invoices. Participants would then make up those deferred payments in equal installments over the subsequent 18-month period, free from any interest or penalties.

Under this initiative, eligible customers would be required to inform the Authority, under procedures to be developed by staff, of their interest in taking part in the program. For customers that opt in the program, utility bills would continue to be issued on their normal monthly schedule, giving these businesses the ability to budget for future cash needs. After the end of the payment suspension period, the total deferred amount would be calculated for each account, and one-eighteenth of that deferred amount would be included in every bill for the succeeding 18 months.
FISCAL INFORMATION

Though final data used to calculate the AAF is not yet available, based on current information, the Authority estimates that the AAF for the July 1, 2020 – June 30, 2021 period would have resulted in an approximately 0.5% increase to rates and generated an additional approximately $800,000 in revenues for all Economic Development Power Programs over the same period.

RECOMMENDATION

The President and Chief Executive Officer recommends that the Trustees approve two temporary measures to provide financial relief to customers in the Authority’s Economic Development Power Programs: (1) suspension of the Annual Adjustment Factor, which would otherwise be scheduled under applicable tariffs to be applied to energy and demand rates annually on July 1st, for a period of one year from July 1, 2020 through June 30, 2021; and (2) provision to such customers of the option to defer payment of energy bills to the Authority, beginning with the April 2020 invoice, for up to 6 months of energy bills, with repayment of deferred amounts to occur in equal installments over the subsequent 18-month period.

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

Ms. Sarah Salati, Chief Commercial Officer, provided highlights of the request to the Board.

On motion made by Trustee Trainor and seconded by Vice Chair Nicandri, the following resolution, as submitted by the President and Chief Executive Officer, was unanimously adopted.

RESOLVED, that the Trustees hereby approve the following temporary measures to provide financial relief to customers in the Authority’s Economic Development Power Programs, each as described in more detail in the foregoing report: (1) suspension of the Annual Adjustment Factor, which would otherwise be scheduled under applicable tariffs to be applied to energy and demand rates annually on July 1, 2020 through June 30, 2021; and (2) provision to such customers of the option to defer payment of energy bills to the Authority, beginning with the April 2020 invoice, for up to 6 months, with repayment of deferred amounts to occur in equal installments over the subsequent 18-month 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, 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.
Date: July 28, 2020

To: THE TRUSTEES

From: THE PRESIDENT and CHIEF EXECUTIVE OFFICER

Subject: Extension of the Industrial Incentive Award to Pratt Paper (NY), Inc. and Economic Development Plan

**SUMMARY**

The Trustees are requested to approve a one-year extension, from June 1, 2020 to May 31, 2021, of the term of the Industrial Incentive Award ("IIA") previously awarded to Pratt Paper (NY), Inc. ("Pratt") in the amount of up to $1 million in connection with its Staten Island operations. At its meeting held on July 27, 2020, the Economic Development Power Allocation Board ("EDPAB") approved an extension, through May 31, 2021, of the Economic Development Plan ("Plan") covering the use of net revenues produced by the sale of Expansion Power ("EP") to provide electric bill discounts in the form of an IIA to manufacturing companies located in New York State that are at identifiable risks of closure or relocation to another state. Such extension would accommodate an extended IIA to Pratt.

**BACKGROUND**

Public Authorities Law ("PAL") §1005 (eighth unnumbered paragraph) directs the Authority to identify "net revenues" produced by the sale of EP and, further, to identify an amount of such net revenues that will be used solely for IIAs. The Authority is directed in Section 1005 to identify net revenues available for IIAs no less often than annually. Net revenues are defined by PAL §1005 as any excess of revenues properly allocated to the sales of EP over costs and expenses properly allocated to such sales.

IIAs are to be made in conformance with an economic development plan covering all such “net revenues.” The Authority submits a plan to EDPAB pursuant to Economic Development Law ("EDL") §188, which also provides for EDPAB's approval of the plan upon its determination that such Plan is consistent with, among other things, the economic development criteria provided for in EDL §§184 and 185 that evaluate applications for certain power.

At its October 26, 2009 meeting, EDPAB approved an Economic Development Plan ("Plan") that allows the use of net revenues from the sale of EP for the calendar years of 2008 up through and including 2016 to provide electric bill discounts to manufacturing companies located in New York State that are at identifiable risk of closing or relocating to another state. EDPAB subsequently approved extensions to the Plan allowing the use of net revenues from the sale of EP through May 31, 2020.

At its May 21, 2013 meeting, the Trustees authorized an IIA to Pratt upon determining that Pratt had demonstrated it meets the qualifying criteria for an IIA and after careful
consideration of Pratt’s business case. The Trustees approved an annual amount of up to $1 million per year for up to five (5) years.

Pratt operates a paper mill, a corrugated box factory and a sorting facility in Staten Island within Consolidated Edison service territory. Manufacturing processes represent a substantial portion of Pratt’s total electricity consumption, and energy costs are a primary consideration for the economic viability of the plant. Pratt’s IIA, in the form of a cents per kWh price discount applied to a level of annual electric consumption, was approved, subject to, among other appropriate terms and conditions:

- Reevaluation and reduction should Pratt’s electric rates decline during the term of the IIA.
- The availability of EP net revenue funding for IIAs, which is in NYPA’s sole discretion;
- Appropriate determination(s) by the Trustees that the funding of IIAs in any fiscal year will not have a significant impact on the Authority’s finances.
- A reduction in the amount of the IIA if Pratt does not meet agreed-upon job commitments (256 full time employees) at the Staten Island facility.
- An agreement providing for the IIA and which address these and other appropriate terms and conditions in a form satisfactory to the Authority.

The Authority executed an agreement with Pratt (“Agreement”) providing for the terms and conditions applicable to the Pratt IIA. The Agreement provided for an initial one-year term for the IIA and an extension of the IIA for 4 subsequent one-year terms at the Authority’s discretion subject to conditions specified in the Agreement. As approved by the Trustees, and in accordance with the Agreement, Pratt was eligible to receive up to $1 million for each year and has received $1 million for each year of the IIA for a total of $5 million.

At the completion of each annual term, a compliance review and due diligence was performed on the terms and conditions of the Agreement prior to offering each subsequent annual term. Pratt was compliant for each annual term including employing an average of 281 persons at its facility during the seventh annual term ending May 31, 2020. A sixth term of the IIA was approved by the Trustees in October of 2018 and an extension of the Plan by EDPAB in December of 2018 following a request by Pratt to extend the IIA based on the continued need for electricity cost relief and other factors in its business case.

In March of 2019, Pratt requested an extension of the IIA based on the continued need for electricity cost relief and other factors in its business case. Upon review, staff determined that Pratt continued to meet the IIA requirements of being a manufacturing company at risk of closing or curtailing operations. The Authority and Pratt reached agreement on an offer to extend the IIA for one year, contingent upon necessary Trustee and EDPAB approvals. On March 26, 2019, the Trustees approved both extending the Plan for one year and providing up to $1 million of IIA funds to Pratt from June 1, 2019 to May 31, 2020. At its September 24, 2019 meeting, EDPAB approved extension of the Plan to support an additional year of IIA funds to Pratt through May 31, 2020.

DISCUSSION

On February 24, 2020, Pratt submitted a request for an extension of the IIA beyond May 31, 2020. Upon review of Pratt’s current business case, staff determined that Pratt continues to meet the IIA requirements of being a manufacturing company at risk of closing or curtailing operations, and continues to be negatively impacted by high electricity costs within Consolidated Edison service territory which, according to Pratt, threatens the economic viability of operations at its Staten Island facility.
Pratt also indicates it is anticipating electricity delivery price increases in the near term based upon review of the existing utility tariff. The company also cited both higher utility taxes and a recent rate case filing for significant increases in delivery costs of natural gas as making the Staten Island plant less competitive than its facilities in other states, further jeopardizing its successful operations in New York. Pratt indicates that additional expenses, including those related to compliance with a new requirement imposed by New York City relating to wastewater pre-treatment, are expected to further increase operating costs at the Staten Island facilities.

An extension of the IIA would support Pratt’s ability to maintain its committed employment level of 256 jobs at its facility.

Accordingly, the Trustees are requested to approve a one-year extension, from June 1, 2020 to May 31, 2021, of the term of the IIA previously awarded to Pratt in the amount of up to $1 million in connection with its Staten Island operations.

FISCAL INFORMATION

IIAs awards may only be paid out if sufficient net revenues are produced by the sale of EP. Given that such net revenues and associated awards are anticipated in each year’s budget, extension of the Plan from June 1, 2020 through May 31, 2021 to accommodate an additional year of IIA benefits will not have a significant impact on the Authority’s finances.

RECOMMENDATION

The Vice President – Economic Development recommends that the Trustees approve a one-year extension, from June 1, 2020 to May 31, 2021, of the term of the Industrial Incentive Award previously awarded to Pratt Paper (NY), Inc. in the amount of up to $1 million in connection with its Staten Island operations.

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

Gil C. Quiniones
President and Chief Executive Officer
RESOLUTION

RESOLVED, That the Authority hereby approves an extension to the term of the Industrial Incentive Award previously awarded to Pratt Paper (NY), Inc. to May 31, 2021, as described in the foregoing memorandum of the President and Chief Executive Officer, contingent upon the Economic Development Power Allocation Board’s approval of the requested extension of the Economic Development Plan; and be it further

RESOLVED, That the Chairman, the Vice Chair, 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.
Date:          July 28, 2020

To: THE TRUSTEES

From: THE PRESIDENT and CHIEF EXECUTIVE OFFICER

Subject: Recommendations for Awards of Fund Benefits from the Western New York Economic Development Fund by the Western New York Power Proceeds Allocation Board

SUMMARY

The Trustees are requested to: (1) accept the recommendations of the Western New York Power Proceeds Allocation Board (the “Allocation Board” or “WNYPPAB”) and make an award of Fund Benefits from the Western New York Economic Development Fund to the eligible applicant listed in Exhibits “A” and “A-1” in the amount indicated on the Exhibits for the reasons discussed below and in the Exhibits; and (2) 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 “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.

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 2020 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 NYPA.

DISCUSSION

At its June 3, 2020 meeting, the Allocation Board considered an application from Change.AI, Inc dba HiOperator (“HiOperator”), seeking $250,000 in Fund Benefits to facilitate their business expansion.

As detailed in Exhibit “A-1,” the HiOperator application seeks Fund Benefits to help it relocate operations to the 27th floor of One Seneca Tower in Buffalo to accommodate business growth. The project involves a complete gutting of the current space, including demolition of the current office infrastructure; buildout of new office space; the purchase of computers and other IT equipment; and related expenditures. HiOperator would spend approximately $1.35M on its project and has committed to create 131 new position over the next five years.

Allocation Board’s staff analyzed this application and made a recommendation to the Allocation Board based on eligibility requirements and Program Criteria. Copies of the recommendation memoranda provided to the Allocation Board for this project are attached as Exhibit “A-1.” The application has also been made available to the Trustees for review.

The Allocation Board has recommended that this applicant receive a Fund Benefit award in the amount indicated on Exhibits “A” and “A-1.” Given the nascent stage of the proposed projects, it was not possible to recommend the terms and conditions that would be applicable to this award and memorialized in an Award Contract between the Authority and a successful applicant.

If this applicant receives a Fund Benefit award, it is anticipated that Authority staff would negotiate final terms and conditions with the applicant after receipt of more detailed information concerning the project and proposed schedules. An Award Contract may include scheduled payments keyed to commitment milestones, such as employment creation and retention. In addition, staff anticipates that an Award Contract will contain provisions for periodic audits of the successful applicant 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.
RECOMMENDATION

The Senior Vice President – Clean Energy Solutions recommends that:

(1) the Trustees accept the recommendations of the Western New York Power Proceeds Allocation Board and make an award of Fund Benefits to the applicant in the amount identified in Exhibits “A” and “A-1,” conditioned upon an agreement to be negotiated with the applicant on the final terms and conditions that would be applicable to the award 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 Executive Vice President & Chief Commercial Officer, or such official’s designee, be authorized to negotiate with the applicant concerning such final terms and conditions that will be applicable to the awards; and

(3) the Executive Vice President & Chief Commercial Officer, or such official’s designee, be authorized to execute on behalf of the Authority an Award Contract for the award listed on Exhibit “A” subject to the forgoing conditions.

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

Gil C. Quiniones
President and Chief Executive Officer
WHEREAS, The Western New York Power Proceeds Allocation Board ("Allocation Board") has recommended that the Authority make an award of Fund Benefits from the Western New York Economic Development Fund ("Fund") to the eligible applicant listed in Exhibit “A” in the amount indicated;

NOW THEREFORE BE IT RESOLVED, That the Authority hereby accepts the recommendation of the Allocation Board and authorizes an award of Fund Benefits to the applicant listed in Exhibits “A” and “A-1” in the amount indicated for the reasons set forth in the attached memorandum and the exhibits and other information referred to therein, conditioned upon an agreement between the Authority and the applicant on the final terms and conditions that would be applicable to the award and set forth in a written award contract ("Award Contract") between the Authority and the applicant, 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 Executive Vice President & Chief Commercial Officer, or such official’s designee, is authorized to negotiate with the applicant concerning such final terms and conditions that will be applicable to the award; and be it further

RESOLVED, That the Executive Vice President & Chief Commercial Officer, or such official’s designee, is authorized to execute on behalf of the Authority an Award Contract for the award listed on Exhibit “A” subject to the forgoing 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.
Applicants Recommended for an Award of Fund Benefits by the Western NY Proceeds Allocation Board

<table>
<thead>
<tr>
<th>Line</th>
<th>Business</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>
<th>Total Jobs Created &amp; Retained</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Change.AI, Inc. dba HiOperator</td>
<td>Buffalo</td>
<td>Erie</td>
<td>Western NY</td>
<td>Expansion</td>
<td>Business Investment</td>
<td>$230,000</td>
<td>$1,350,000</td>
<td>0</td>
<td>131</td>
<td>131</td>
</tr>
</tbody>
</table>

Total: $230,000 $1,350,000 N/A 131

Total Jobs Created & Retained: 131

July 28, 2020
## Applicant Name:
Change.AI, Inc. DBA HiOperator ("HiOperator")

## REDC Region:
Western New York

## Project Type:
Business Investment

## County:
Erie County

## Industry:
Customer Support Services

## Locality:
Buffalo

## Amount Requested:
$250,000

## Start Date:
July 2020

## Finish Date:
September 2020

## RECOMMENDED OFFER

<table>
<thead>
<tr>
<th>Recommended Total Award:</th>
<th>$230,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Project Cost:</td>
<td>$1,350,000</td>
</tr>
<tr>
<td>% of Project Cost Recommended:</td>
<td>17%</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>Construction Buildout</td>
<td>$880,000</td>
<td>WNY EDF</td>
<td>$250,000</td>
</tr>
<tr>
<td>IT Equipment, Office Furniture</td>
<td>$350,000</td>
<td>Developer</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Asbestos Remediation</td>
<td>$80,000</td>
<td>Company Equity</td>
<td>$100,000</td>
</tr>
<tr>
<td>Demolition</td>
<td>$40,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Total:                      | $1,350,000 |
| Total:                      | $1,350,000 |

## REGIONAL IMPACT MEASUREMENTS

<table>
<thead>
<tr>
<th>Job Commitments:</th>
<th>Applicant will create 131 full time equivalents (&quot;FTE&quot;) at the project location over five years.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Salary of Jobs:</td>
<td>$49,313</td>
</tr>
<tr>
<td>Indirect Jobs Created:</td>
<td>N/A</td>
</tr>
<tr>
<td>Other Impact:</td>
<td></td>
</tr>
</tbody>
</table>

## PROJECT DESCRIPTION (Adapted from Application)

HiOperator is a third-party provider offering a full stack solution to customer service. The Company uses Application Programming Interface (API) to fully integrate backend processing of customer service requests with human interaction on the front end to ensure a satisfactory transaction. This dramatically reduces service rep training and process times and increases processing accuracy. Integrating and automating the backend also unlocks value and results in higher profit margins.

HiOperator is planning to relocate its business operations to the 27th floor of One Seneca Tower to accommodate business growth. The project involves a complete gutting of the space including...
demolition of the current office infrastructure, new office buildout, the purchase of computers and IT equipment and other expenditures.

The project will enable HiOperator to accommodate growth, become Service Organization Control 2 (SOC 2) and Payment Card Industry (PCI) compliant and add 131 new employees over the next 5 years. Obtaining these digital security credentials would position HiOperator to compete for business from larger enterprises and finance companies.

OTHER ECONOMIC DEVELOPMENT BENEFITS RECEIVED

| ESD | $ |
| ECIDA | $ |
| $ |

PREVIOUS STATE ASSISTANCE OFFERED OR PROVIDED

| TYPE | AMOUNT | STATUS |

BASIS FOR RECOMMENDATION

HiOperator has identified a funding gap related to its available debt and equity resources. A funding award would support a 2018 43N award winner that appears to have made a commitment to WNY and proposes to create 131 jobs over the next 5 years. HiOperator strives to hire candidates from disadvantaged backgrounds and provide them advancement in the technology industry. Some of the positions associated with this project will be offered to the area’s underemployed and unemployed populations. An award also supports efforts to repurpose One Seneca Tower, the largest building in Buffalo, as a technology and innovation hub.

Support for this project aligns well with WNYREDC strategies and priorities calling for fostering a culture of entrepreneurship, investing in downtowns, and cultivating the WNY talent pool including the unemployed and underemployed.

ANTICIPATED DISBURSEMENT TERMS

Fund Benefits would be used to reimburse the applicant for a portion of IT equipment and office furniture associated with the project. It is anticipated that: (1) funds would be disbursed in arrears in a manner proportionate to the total for eligible expenses; and (2) reimbursement would be made upon presentation to NYPA of invoices and such other documentation acceptable to NYPA verifying such matters as the applicant has incurred eligible expenses of approximately $1.35M and is compliant with yearly job commitments.
Western NY Power Proceeds Allocation Board
Exhibit “B”

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.\(^1\) 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

---

\(^1\) 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.
operational relationships; promote the attractiveness of WNY as a hub for global trade.

- 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. ² 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.

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.
9. The extent to which an award of Fund Benefits may result in a competitive disadvantage for other business in the State.
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.
Date: July 28, 2020
To: TRUSTEES
From: THE PRESIDENT and CHIEF EXECUTIVE OFFICER
Subject: Award of Fund Benefits from the Northern New York Economic Development Fund Recommended by the Northern New York Power Proceeds Allocation Board

SUMMARY

The Trustees are requested to accept the recommendations of the Northern New York Power Proceeds Allocation Board (the “Allocation Board”) and make awards of Fund Benefits from the Northern New York Economic Development Fund to In-Law Brewing Company, LLC (“ILBC” or “Applicant”) and authorize the other actions described herein with respect to the applicant and recommended award. The Applicant’s project and the amount of the award being recommended is summarized in Exhibit “A” and discussed in further detail below and in Exhibit “A-1.”

BACKGROUND

1. Northern New York Power Proceeds Allocation Act

On December 29, 2014, Governor Cuomo signed into law the Northern New York Power Proceeds Allocation Act (the “Act”). The Act adds provisions to two chapters of consolidated law, the Economic Development Law (“EDL”), and the Public Authorities Law within the Power Authority Act, the enabling statute of the New York Power Authority (“NYPA”) (collectively, the “Statutes”). As discussed in more detail below, the Act creates a program, administered by NYPA and the Board, to support economic development in Northern New York (“Program”). Under the Program, financial assistance known as “fund benefits” may be awarded to “eligible applicants” for “eligible projects” based on criteria set forth in the Statutes.

Under the Act, an “eligible applicant” is a private business, including a not-for-profit corporation that is a private business. “Eligible projects” is defined to mean “economic development projects” that are or would be physically located within St. Lawrence County that will support the growth of business in St. Lawrence County 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; 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 St. Lawrence County tourism and business; and energy-related projects.
Eligible projects do not include, and fund benefits may not be used for, 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.

NYPA and the Town of Massena Electric Department are parties to a contract that provides for NYPA’s sale of up to 20 megawatts (“MW”) of hydropower known as “St. Lawrence County Economic Development Power” (“SLCEDP”) to the Town. As detailed in the Statutes, NYPA is authorized to sell unallocated SLCEDP into the market to generate revenue for the Program. The Statutes provide that NYPA will deposit proceeds from such sales into the Fund no less than quarterly.

At least 15% percent of the Fund is dedicated to eligible projects which are “energy-related projects, programs and services,” which are defined as “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.”

Monies from the Fund – known as “fund benefits” – are paid to awardees in the form of grants, and staff expects that in most cases fund benefits will be disbursed as reimbursement for expenses incurred by an awardee. Allocations of fund benefits may only be made on the basis of monies that have been deposited in the Fund. No award may encumber funds that have not been deposited in the Fund.

2. Northern New York Power Proceeds Allocation Board

Under the Act, the Allocation Board’s primary responsibilities regarding applications for fund benefits under the Program are to (i) administer the application process, (ii) make determinations relating to eligibility, and (iii) where an applicant and project are eligible, evaluate applications against the statutory criteria and make a recommendation to the NYPA Board of Trustees on whether an applicant should be awarded fund benefits. The Allocation Board uses the criteria applicable to EP, RP and PP allocations, and for revitalization of industry, provided for 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 North Country Regional Economic Development Council, which covers the region in which eligible projects may be proposed.

At its meeting on January 25, 2017, the Allocation Board, in accordance with the Act, adopted by-laws, operating procedures, guidelines related to the application, and a form of application. A copy of the relevant criteria (collectively, “Program Criteria”), adapted from the Allocation Board’s “Procedures for the Review of Applications for Fund Benefits,” is attached as Exhibit “B” to this memorandum.

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 2019 on which the Allocation Board would meet to consider applications. At this time, applications are being accepted on a rolling basis. A webpage was created that is hosted on WWW.NYPA.GOV/NNYPPAB with application instructions, a link to the approved application form and other program details including a contact phone number and email address staffed by NYPA.

DISCUSSION

At its June 10, 2020 meeting, the Allocation Board considered an application from ILBC seeking $51,000 in Fund Benefits.

Allocation Board staff analyzed the application and made recommendations to the Allocation Board based on eligibility requirements and Program Criteria. The Program Criteria are described in Exhibit “B.” A copy of the recommendation memoranda provided to the Allocation Board for ILBC is attached as Exhibit “A-1.” The application has also been made available to the Trustees for review.

As detailed in Exhibit “A-1,” the ILBC application seeks Fund Benefits to support building construction, the purchase of machinery and equipment and other items related to a business expansion. The Applicant indicates that it would create 5 full time positions over 7 years and spend approximately $335,000 on this project.

The Allocation Board has recommended the Applicant receive a Fund Benefit award in the amount indicated on Exhibit “A.” Given the nascent stage of the proposed project, it was not possible to make recommendations concerning the terms and conditions that would be applicable to the award and memorialized in an Award Contract between the Authority and the applicant.

If this Applicant receives a Fund Benefit award, it is anticipated that Authority staff would negotiate final terms and conditions with the applicant after receipt of more detailed information concerning the project 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.
RECOMMENDATION

The Senior Vice President, Clean Energy Solutions recommends that:

(1) the Trustees accept the recommendation of the Allocation Board and make an award of Fund Benefits to ILBC in the amount recommended in Exhibits “A” and “A-1,” conditioned upon an agreement to be negotiated with the applicant on the final terms and conditions that would be applicable to the award to be contained in the 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 Executive Vice President & Chief Commercial Officer, or such official's designee, be authorized to negotiate with the Applicant concerning such final terms and conditions that will be applicable to the award; and

(3) the Executive Vice President & Chief Commercial Officer, or such official's designee, be authorized to execute on behalf of the Authority an Award Contract for the award listed on Exhibits “A” and “A-1” subject to the foregoing conditions.

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

Gil C. Quiniones
President and Chief Executive Officer
RESOLUTION

WHEREAS, The Northern New York Power Proceeds Allocation Board ("Allocation Board") has recommended that the Authority make an award of Fund Benefits from the Northern New York Economic Development Fund ("Fund") to the eligible applicant listed in Exhibit “A” in the amount indicated in Exhibit “A”;

NOW THEREFORE BE IT RESOLVED, That the Authority hereby accepts the recommendation of the Allocation Board and authorizes an award of Fund Benefits to the applicant listed in Exhibits “A” and “A-1” in the amount indicated for the reasons set forth in the attached memorandum and the exhibit and other information referred to therein, conditioned upon an agreement between the Authority and the applicant on the final terms and conditions that would be applicable to the award and set forth in a written award contract ("Award Contract") between the Authority and each applicant, 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 Executive Vice President & Chief Commercial Officer, or such official’s designee, is authorized to negotiate with the applicant concerning such final terms and conditions that will be applicable to the award; and be it further

RESOLVED, That the Executive Vice President & Chief Commercial Officer, or such official’s designee, is authorized to execute on behalf of the Authority an Award Contract for the award listed on Exhibit “A” subject to the forgoing 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.
## Applicants Recommended for an Award of Fund Benefits by the NNY Proceeds Allocation Board

<table>
<thead>
<tr>
<th>Line</th>
<th>Business</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>In-Law Brewing Company, LLC</td>
<td>Massena</td>
<td>SLC</td>
<td>North Country</td>
<td>Expansion</td>
<td>Business Investment</td>
<td>$51,000</td>
<td>$335,000</td>
<td>-</td>
<td>5</td>
</tr>
<tr>
<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></td>
<td>Total:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$51,000</td>
<td>$335,000</td>
<td>N/A</td>
<td>5</td>
</tr>
</tbody>
</table>

**Total Jobs Created & Retained:** 5
# Northern New York Economic Development Fund Recommendation Memo

**EXHIBIT A-1**

<table>
<thead>
<tr>
<th>Applicant Name:</th>
<th>In-Law Brewing Company, LLC (“ILBC”)</th>
<th>REDC Region:</th>
<th>North Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Type:</td>
<td>Business Investment</td>
<td>County:</td>
<td>St. Lawrence</td>
</tr>
<tr>
<td>Industry:</td>
<td>Craft Brewery</td>
<td>Locality:</td>
<td>Massena</td>
</tr>
<tr>
<td>Amount Requested:</td>
<td>$51,000</td>
<td>Start Date:</td>
<td>August, 2020</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Finish Date:</td>
<td>May, 2021</td>
</tr>
</tbody>
</table>

## RECOMMENDED OFFER

- **Recommended Total Award:** $51,000
- **Total Project Cost:** $335,000
- **% 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>Construction</td>
<td>$175,000</td>
<td>NNYEDF</td>
<td>$51,000</td>
</tr>
<tr>
<td>Brewing Equipment</td>
<td>$100,000</td>
<td>Bank Loan</td>
<td>$200,000</td>
</tr>
<tr>
<td>Tap Room Furniture &amp; Fixtures</td>
<td>$20,000</td>
<td>Company Equity</td>
<td>$48,000</td>
</tr>
<tr>
<td>Hard Cost Contingencies</td>
<td>$17,000</td>
<td>Subordinated Debt (IDALDC)</td>
<td>$36,000</td>
</tr>
<tr>
<td>Supplies &amp; Materials</td>
<td>$15,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Architect Fees</td>
<td>$8,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td>$335,000</td>
<td><strong>Total:</strong></td>
<td>$335,000</td>
</tr>
</tbody>
</table>

## REGIONAL IMPACT MEASUREMENTS

- **Job Commitments:** Applicant will create 5 full time equivalents (“FTE”) at the project location over seven years.
- **Average Salary of Jobs:** $45,000
- **Indirect Jobs Created:** n/a
- **Other Impact**

## PROJECT DESCRIPTION (Adapted from Application)

In-Law Brewing Company (ILBC) is a Limited Liability Company that opened in November 2017. The Company currently operates out of a 100-year-old dairy barn located in Chase Mills, NY where it produces up to 18 different craft beers. Product is primarily sold through wholesale (70%) distribution to regional bars and restaurants. ILBC continues to experience increased demand for its products and is planning to expand by constructing a 2,800 square foot brewing operation on Route 37 in Massena, NY. The expansion is expected to provide a modern beer manufacturing layout with improved process efficiencies, increase the Company’s manufacturing capacity from 7 BBLs (217 gals) to 30 BBLs (930 gals) of beer, allow for expanded distribution from Alexandria Bay, NY to Lake Placid, NY, positively impact regional tourism by drawing Canadian consumers and allow the Applicant to add 5 full time positions over the next 7 years.
Northern New York Economic Development Fund Recommendation Memo

EXHIBIT A-1

<table>
<thead>
<tr>
<th>OTHER ECONOMIC DEVELOPMENT BENEFITS RECEIVED</th>
</tr>
</thead>
<tbody>
<tr>
<td>IDAILDC</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>PREVIOUS STATE ASSISTANCE OFFERED OR PROVIDED</th>
<th>TYPE</th>
<th>AMOUNT</th>
<th>STATUS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>N/A</td>
<td>$</td>
<td></td>
</tr>
</tbody>
</table>

**BASIS FOR RECOMMENDATION**

The Applicant has identified a funding gap and is seeking an award to support eligible portions of the total project costs. The Project supports regional manufacturing and tourism activity and aligns well with NNYREDC strategies and priorities calling for energizing communities by building on manufacturing growth, leveraging the region’s gateway to Canada, nurturing entrepreneurship and stimulating tourism. Lastly, the project supports the creation of 5 jobs over the next seven years.

**ANTICIPATED DISBURSEMENT TERMS**

Fund Benefits would be used to reimburse the applicant for a portion of costs associated with brewing equipment shown above. It is anticipated that funds will be disbursed in arrears and 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 $335,000.
Criteria adapted from the “Board Procedures, and Board Policies Relating to the Review of Applications for Fund Benefits”, adopted by the Northern New York Power Proceeds Allocation Board

1. The extent to which an award of Fund Benefits would be consistent with the strategies and priorities of the North Country Regional Economic Development Council (“NCREDC”). Such strategies and priorities include the following:
   - Energize our communities by building on growth in the aerospace, transit equipment, defense, biotech, energy, and manufacturing industries
   - Leverage our gateway to Canada, the nation’s largest trading partner, to lead the State in global investment
   - Attract and nurture entrepreneurs through innovation to catalyze the highest per capita rate of small business start-ups and expansions in the state
   - Invest in community development infrastructure that expands opportunities and capacity
   - Innovate effective rural healthcare and education delivery networks
   - Elevate global recognition of the region as one of the special places on the planet to visit, live, work and study
   - Activate tourism as a driver to diversify our economies by creating demand to accelerate private investment
   - Invest in agriculture as we help feed the region and the world
   - Create the greenest energy economy in the state

2. Whether the eligible project would occur in the absence of an award of Fund Benefits.

3. The extent to which an award of Fund Benefits will result in new capital investment in the State by the eligible applicant and the extent of such investment.

4. Other assistance the eligible applicant may receive to support the eligible project.

5. The type and cost of buildings, equipment and facilities to be constructed, enlarged or installed if the eligible applicant were to receive an award of Fund Benefits.

6. The eligible applicant’s payroll, salaries, benefits and number of jobs at the eligible project for which an award of Fund Benefits is requested.

7. Where applicable, the number of jobs that will be created or retained within St. Lawrence County and any other parts of the State in relation to the requested award of Fund Benefits, and the extent to which the eligible applicant will agree to commit to creating or retaining such jobs as a condition to receiving an award of Fund Benefits.

8. Whether the eligible applicant is at risk of closing or curtailing facilities or operations in St. Lawrence County and other parts of the State, relocating facilities or operations out of St. Lawrence County and other parts of the State, or losing a significant number of jobs in
St. Lawrence County and other parts of the State, in the absence of an award of Fund Benefits.¹

9. The significance of the eligible project that would receive an award of Fund Benefits to the economy of the area in which such eligible project is located.

10. For new, expanded and/or rehabilitated facilities, the extent to which the eligible applicant will commit to implement or otherwise make tangible investments in energy efficiency measures as a condition to receiving an award of Fund Benefits.²

¹ Job creation and retention are key indicators of economic activity. However, the Allocation Board recognizes that certain investments may increase productivity and revitalize areas without immediately increasing permanent employment. Therefore, job creation/retention commitments will be emphasized primarily in the Business Investment Track. While job creation and retention may not be a significant factor for other Tracks, demonstration of economic development benefits to the Region will generally be considered favorably when assessing applications under all Tracks.

² As provided for in Economic development Law § 197-c(4), many of the criteria are adapted from criteria used in determining eligibility for Expansion Power, Replacement Power and Preservation Power under Public Authorities Law (“PAL”) § 1005(13). Certain criteria identified in PAL § 1005(13) are relevant to power allocations under these programs and do not have any logical application to the allocation of Fund Benefits. Therefore, the Board does not expect to use these criteria to evaluate applications for Fund Benefits.
Date: July 28, 2020
To: THE TRUSTEES
From: THE PRESIDENT and CHIEF EXECUTIVE OFFICER
Subject: Procurement (Services) and Other Contracts – Business Units and Facilities – Awards, Extensions and/or Additional Funding

SUMMARY

The Trustees are requested to approve the award and funding of the multiyear procurement (services) contracts listed in Exhibit “A,” as well as the continuation and/or funding of the procurement (services) and other contracts listed in Exhibit “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 basis for the new awards if other than to the lowest-priced, lowest total cost of ownership or “best valued” bidders and the intended duration of such contracts, or the reasons for the 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 current 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 $6 million, as well as personal services contracts in excess of $2 million if low bidder or best value, or $1 million if sole-source, single-source or other non-competitive awards.

The Authority’s current 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 $6 million or 25% of the originally approved contract amount not to exceed $6 million.

DISCUSSION

Awards

The Trustees are requested to approve the award and funding of the multiyear procurement (services) contracts listed in Exhibit “A,” where the EAPs require approval based upon contract value or the terms of the contracts will be more than one year. 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. 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 “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 “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 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:**

**Business Services – Corporate Finance**


CohnReznick Capital Market Securities LLC (“CohnReznick”) (Q19-6713RM) was also selected for recommendation of an award but was inadvertently left off the award recommendation memo. Bid documents were developed by staff and were accessible through the NYPA.gov site. The Request for Quotations was advertised on the New York State Contract Reporter (“NYSCR”) website and posted on the Procurement page of the Authority’s website. Eighteen proposals were on NYSCR and NYPA.gov and were evaluated, as further set forth in the Award Recommendation documents. Staff recommends the award of a contract to CohnReznick which is technically and commercially qualified and meets the bid requirements on the basis of “best value,” which optimizes quality, cost and efficiency among responsive and responsible offerors. At the March meeting, the Trustees approved the contracts five-year term and the $2 million aggregate amount. No additional funding is requested.

**Human Resources & Administration – HR & Organizational Development**

The proposed personal services contracts with Career Concepts, Inc. dba CCI Consulting (“CCI”), Impact Learning & Development, Inc. (“ILD”) and Ignition Coaching
LLC ("Ignition") (Q20-6869SS) would provide Professional Coaching Services. Bid documents were developed by staff and were accessible through the NYPA.gov site. The Request for Quotations was advertised on the New York State Contract Reporter website and posted on the Procurement page of the Authority’s website. Twenty-two firms/entities were listed as having been invited to, or requested to participate in, the Ariba event. Ten proposals were received electronically via Ariba and were evaluated, as further set forth in the Award Recommendation documents. Staff recommends the award of contracts to CCI, ILD and Ignition which are technically and commercially qualified and meet the bid requirements on the basis of “best value,” which optimizes quality, cost and efficiency among responsive and responsible offerors. These contracts are for an intended term of three years with the option for a two-year renewal, subject to the Trustees’ approval, which is hereby requested. Approval is also requested for the aggregate amount expected to be expended for the term of the contract, $625,000.

Human Resources & Administration – Total Rewards

Due to the need to meet and maintain the Authority’s continuity of services, the proposed non-personal services contract with North American Van Lines, Inc. ("NAVL") (4500321367) which would provide relocation moving services on an “as needed” basis became effective July 1, 2020, with an initial interim award amount of $25,000, subject to the Trustee’s approval, in accordance with the Authority’s Guidelines for Procurement Contracts and EAP’s. The proposed non-personal services contract with Arnoff Moving & Storage, Inc. ("AMS") (Q20-6911JW) would provide relocation moving services and this contract will start on or about July 28, 2020. The Authority offers relocation benefits to eligible newly hired employees and transferring employees and one component is the movement of household goods. Bid documents were developed by staff and were accessible through the NYPA.gov site. The Request for Quotations was advertised on the New York State Contract Reporter website and posted on the Procurement page of the Authority’s website. Seven firms/entities were listed as having been invited to, or requested to participate in, the Ariba event. Three proposals were received electronically via Ariba and were evaluated, as further set forth in the Award Recommendation documents. Staff recommends the award of a contract to NAVL and AMS as they are technically and commercially qualified and meet the bid requirements on the basis of “best value,” which optimizes quality, cost and efficiency among responsive and responsible offerors. The contracts are for an intended term of five years, subject to the Trustees’ approval, which is hereby requested. Approval is also requested for the aggregate amount expected to be expended for the term of the contract, $350,000.

Human Resources & Administration – Total Rewards

The proposed non-personal services contract with RDG + Partners CPAs, PLLC ("RDG") (Q20-6915JW) would perform annual auditing services of the assets for the Authority’s Employees’ Savings Plan ("401k Plan") and the Deferred Compensation Plan ("457 Plan") to satisfy Section 9005.1 of the rules and regulations of the New York State Deferred Compensation Board auditing obligations. Bid documents were developed by staff and were accessible through the NYPA.gov site. The Request for Quotations was advertised on the New York State Contract Reporter website and posted on the Procurement page of the Authority’s website. Eleven firms/entities were listed as having been invited to, or requested to participate in, the Ariba event. Seven proposals were received electronically via Ariba and were evaluated, as further set forth in the Award Recommendation documents. Staff recommends the award of a contract to RDG which is technically and commercially qualified and meets the bid requirements on the basis of “best value,” which optimizes quality, cost and efficiency among responsive and responsible offerors. The contract is for an intended term of five years, beginning January 1, 2021 and ending on December 31, 2025 (Plan years 2021 thru 2025), subject to the Trustees’ approval, which is hereby requested. Approval is also requested for the amount expected to be expended for the term of the contract, $125,000.
The proposed personal services contracts with AMRO United Corporation dba AMRO Forestry ("AMRO") and Applied Ecological Services, Inc. ("AES") (Q20-6895CC) would provide landscaping services. The Ecosystems and Biodiversity section of the Sustainability plan examines how the Authority’s lands are managed and identifies ways to protect and restore natural ecosystems and increase resiliency and carbon sequestration on land owned or managed by the Authority. These strategies include modified mowing schedules, the planting of pollinator gardens and meadows, forestry management including afforestation and reforestation, and the development of educational material on the importance of wildlife habitat conservation at visitor centers. Bid documents were developed by staff and were accessible through the NYPA.gov site. The Request for Quotations was advertised on the New York State Contract Reporter website and posted on the Procurement page of the Authority’s website. Thirty firms/entities were listed as having been invited to, or requested to participate in, the Ariba event. Two proposals were received electronically via Ariba and were evaluated, as further set forth in the Award Recommendation documents. Staff recommends the award of contracts to AMRO and AES which are technically and commercially qualified and meet the bid requirements on the basis of “best value,” which optimizes quality, cost and efficiency among responsive and responsible offerors. These contracts are for an intended term of five years, starting on or about January 1, 2021, subject to the Trustees’ approval, which is hereby requested. Approval is also requested for the aggregate amount expected to be expended for the term of the contract, $800,000.

The proposed personal services contracts with AMRO United Corporation dba AMRO Forestry ("AMRO"), Applied Ecological Services, Inc. ("AES"), CHA Consulting, Inc. ("CHA"), Hadley Exhibits, Inc. ("Hadley") and Pollinator Partnership ("Pollinator") (Q20-6896CC) would provide Land Management Assessment and Education services. The Ecosystems and Biodiversity section of the Sustainability plan examines how the Authority’s lands are managed and identifies ways to protect and restore natural ecosystems and increase resiliency and carbon sequestration on land owned or managed by the Authority. These strategies include modified mowing schedules, the planting of pollinator gardens and meadows, forestry management including afforestation and reforestation, and the development of educational material on the importance of wildlife habitat conservation at visitor centers. Bid documents were developed by staff and were accessible through the NYPA.gov site. The Request for Quotations was advertised on the New York State Contract Reporter website and posted on the Procurement page of the Authority’s website. Twenty-five firms/entities were listed as having been invited to, or requested to participate in, the Ariba event. Nine proposals were received electronically via Ariba and were evaluated, as further set forth in the Award Recommendation documents. Staff recommends the award of contracts to AMRO, AES, CHA, Hadley and Pollinator which are technically and commercially qualified and meet the bid requirements on the basis of “best value,” which optimizes quality, cost and efficiency among responsive and responsible offerors. These contracts are for an intended term of five years, starting on or about January 1, 2021, subject to the Trustees’ approval, which is hereby requested. Approval is also requested for the aggregate amount expected to be expended for the term of the contract, $800,000.

The proposed non-personal services contract with Kinsley Group, Inc. dba Kinsley Power Systems ("KPS") (Q20-6926JM) would provide Generator / Load Bank Maintenance, Testing and Inspection services for the Centroplex Building at the White Plains Office. Bid
documents were developed by staff and were accessible through the NYPA.gov site. The Request for Quotations was advertised on the New York State Contract Reporter website and posted on the Procurement page of the Authority’s website. One firm/entity was listed as having been invited to, or requested to participate in, the Ariba event. One proposal was received electronically via Ariba and was evaluated, as further set forth in the Award Recommendation documents. Staff recommends the award of a contract to KPS which is technically and commercially qualified and meets the bid requirements on the basis of “best value,” which optimizes quality, cost and efficiency among responsive and responsible offerors. The contract is for an intended term of five years, beginning on or about August 1, 2020, subject to the Trustees’ approval, which is hereby requested. Approval is also requested for the amount expected to be expended for the term of the contract, $500,000.

Utility Operations – General Maintenance

Due to the need to meet and maintain the Authority’s project schedule, the proposed construction, single-source contract with Niagara University (“NU”) (4500320981) for grounds maintenance and landscaping at the Authority’s Niagara Power Project became effective June 1, 2020, with an initial interim award amount of $88,000, is being requested to reimburse NU for ongoing maintenance, subject to the Trustee’s approval, in accordance with the Authority’s Guidelines for Procurement Contracts and EAP’s. The Authority’s Niagara Power Project campus and NU’s campus are immediately adjacent to, and interconnected with, one another and share the use of certain roadways and appurtenant properties. The Authority and NU have historically performed their own grounds maintenance and landscaping on their respective properties. Both the Authority and NU have determined that since the properties are interconnected, it would be more efficient if such services were consolidated. A reassessment of the agreement with the Authority and NU was conducted in May 2020, and it was decided to continue the relationship with NU for continued services valued at $88,000 for the first year, $90,500 for year two, $93,000 for year three, $96,000 for year four and $99,000 for year five. The contract is for an intended term of five years, subject to the Trustees’ approval, which is hereby requested. Approval is also requested for the amount expected to be expended for the term of the contract, $466,500.

Utility Operations – Mechanical Engineering

The proposed non-personal services contracts with Konecranes, Inc. (“Konecranes”) and Pollock Research and Design, Inc. dba Simmers Crane Design & Services (“SCDS”) (Q20-6916BS) would provide On-Call Crane and Hoist Maintenance and Repair services for all the Authority’s and Canal’s facilities. The Authority and Canals own and operate numerous overhead cranes and hoists at their plants/facilities. The Authority operates total of 111 cranes/hoists including 30 at Niagara, 20 at St. Lawrence, 8 at Blenheim-Gilboa, 6 at Clark Energy Center, and 47 at SENY facilities. Canals operates 128 cranes/hoists at various Locks and other facilities. Both Konecranes and SCDS possess an understanding of Occupational Safety and Health Administration (“OSHA”) and the Authority’s safety regulations. Bid documents were developed by staff and were accessible through the NYPA.gov site. The Request for Quotations was advertised on the New York State Contract Reporter website and posted on the Procurement page of the Authority’s website. Seventeen firms/entities were listed as having been invited to, or requested to participate in, the Ariba event. Three proposals were received electronically via Ariba and were evaluated, as further set forth in the Award Recommendation documents. Staff recommends the award of contracts to Konecranes and SCDS which are technically and commercially qualified and meet the bid requirements on the basis of “best value,” which optimizes quality, cost and efficiency among responsive and responsible offerors. These contracts are for an intended term of five years, subject to the Trustees’ approval, which is hereby requested. Approval is also requested for the aggregate amount expected to be expended for the term of the contract, $9.5 million.
Utility Operations – Project Management

The proposed construction services contracts with Composite Technology & Infrastructure LLC (“CTI”) and NRC NY Environmental Services, Inc. (“NRC”) (Q20-6944AP) would provide for the abatement and painting of the Generator Rotor Spiders for the remaining thirteen units at the St. Lawrence-FDR Power Project. The sequence of work, which includes the abatement and painting of the rotor, unit disassembly, crack repair, welding, reassembly and testing, will be performed by the Authority’s staff. The next unit outage (Unit 31) is presently planned to commence in September 2020, followed by an average of one unit per year until all remaining units are completed. Bid documents were developed by staff and were accessible through the NYPA.gov site. The Request for Quotations was advertised on the New York State Contract Reporter website and posted on the Procurement page of the Authority’s website. Six firms/entities were listed as having been invited to, or requested to participate in, the Ariba event. Two proposals were received electronically via Ariba and were evaluated, as further set forth in the Award Recommendation documents. Staff recommends the award of contracts to CTI and NRC which are technically and commercially qualified and meet the bid requirements on the basis of “best value,” which optimizes quality, cost and efficiency among responsive and responsible offerors. These contracts are for an intended term of fifteen years, subject to the Trustees’ approval, which is hereby requested. Approval is also requested for the aggregate amount expected to be expended for the term of the contract, $5 million.

Utility Operations – Project Management

The proposed construction services contracts with Bolttech Mannings, Inc. (“Bolttech”) and Nowak Industrial LLC (“Nowak”) (Q20-6945AP) would provide for the pre and post weld heat treatment of the Generator Rotor Spiders for the remaining thirteen units at the St. Lawrence-FDR Power Project. The sequence of work which includes the pre and post weld heat treatment for stress relieving the weld repairs, unit disassembly, crack repair, welding, reassembly and testing will be performed by the Authority’s staff. The next unit outage (Unit 31) is presently planned to commence in September 2020, followed by an average of one unit per year until all remaining units are completed. Bid documents were developed by staff and were accessible through the NYPA.gov site. The Request for Quotations was advertised on the New York State Contract Reporter website and posted on the Procurement page of the Authority’s website. Four firms/entities were listed as having been invited to, or requested to participate in, the Ariba event. Two proposals were received electronically via Ariba and were evaluated, as further set forth in the Award Recommendation documents. Staff recommends the award of contracts to Bolttech and Nowak which are technically and commercially qualified and meet the bid requirements on the basis of “best value,” which optimizes quality, cost and efficiency among responsive and responsible offerors. These contracts are for an intended term of fifteen years, subject to the Trustees’ approval, which is hereby requested. Approval is also requested for the aggregate amount expected to be expended for the term of the contract, $4 million.

Utility Operations – Project Management

The proposed personal services contracts with DaVinciSKY Engineering and Management (“DaVinciSKY”) and Miller Aerospace Company LLC dba MAC Air (“MAC”) (Q20-6917KK) would provide Helicopter Expert Support services. The Authority is in the process of undertaking several strategic initiatives to bolster its electric delivery infrastructure through the implementation of major programs including the Communication Backbone Program and the Moses-Adirondack Smart Path Reliability Project (“Smart Path”). In support of these initiatives, and in support of existing operations which employ helicopter operations for transportation and maintenance, the Authority is seeking Helicopter Expert support services by
a Subject Matter Expert ("SME") to ensure that helicopter operations are conducted by the safest, and most effective means possible. The SMEs, will be responsible for professional services including, but not limited to, reviewing documentation, monitoring and reporting of helicopter operations, and inspecting vehicles and equipment to ensure compliance with all applicable laws and regulations including Federal Aviation Administration ("FAA"), National Fire Protection Association ("NFPA"), Department of Transportation ("DOT"), and Occupational Safety and Health Administration ("OSHA"). Bid documents were developed by staff and were accessible through the NYPA.gov site. The Request for Quotations was advertised on the New York State Contract Reporter website and posted on the Procurement page of the Authority’s website. Four firms/entities were listed as having been invited to, or requested to participate in, the Ariba event. Three proposals were received electronically via Ariba and were evaluated, as further set forth in the Award Recommendation documents. Staff recommends the award of contracts to DaVinciSKY and MAC which are technically and commercially qualified and meet the bid requirements on the basis of “best value,” which optimizes quality, cost and efficiency among responsive and responsible offerors. The contracts are for an intended term of five years, subject to the Trustees’ approval, which is hereby requested. Approval is also requested for the aggregate amount expected to be expended for the term of the contract, $9 million.

Extensions and/or Additional Funding Requests:

Human Resources & Administration – HR & Organizational Development

On May 27, 2019, the Authority issued one-year, sole-source personal services contract to SAP Public Services, Inc. (“SAP”) (4500309449) in the amount of $108,480 to provide implementation of the SuccessFactors Workforce Analytics ("WFA") Cloud Application. The services performed by SAP are required to implement four WFA metric packs within the Mosaic (SuccessFactors) suite of products. The Authority’s goal, with the addition of WFA metric packs, is to enhance the software’s capability by adding new advanced functionality containing human capital metrics reporting for the following: WFA Recruiting Management, WFA Compensation Planning, WFA Talent Flow Analytics and WFA Performance Management. Due to the COVID-19 pandemic, access to the WPO building was restricted which added additional delays to the project. This contract extension is requested to assist in the implementation of the Mosaic (SAP SuccessFactors) Recruiting and Onboarding Cloud Applications. Staff requests the Trustees’ approval for the extension of the SAP contract for an additional one-year term, including interim approval for the period May 26, 2020 thru July 28, 2020, with an updated end date of July 21, 2021. No additional funding is being requested at this time.

Information Technology – Cyber Security

The Authority solicited proposals for Technology Co-Sourcing Services under RFP inquiry Q17- 6135RM. Its stated purpose was to solicit companies to support enablement of required automation and efficiencies for business projects requested across various functional areas, including, but not limited to, Cyber Security; Maximo; SharePoint; SAP; Infrastructure; Data Analytics; Enterprise and Solution Architecture; Project and Portfolio Management. On May 2, 2017, the Authority issued five-year personal services contracts to Cognizant Technology Solutions US Corporation (“Cognizant”), Deloitte Consulting LLP (“Deloitte”) and Ernst & Young LLP (“EY”) (Q17-6135RM) in the amount of $25 million to provide consulting services. On March 2, 2020, the aggregate value was increased by $6 million which increased the total aggregate amount to $31 million. The additional funding was to support ongoing required services while the Authority goes out to bid for these services in 2020. Staff requests the Trustees’ approval for additional funding. To date, $30.75 million has been released, and it is recommended to increase the aggregate funding in the amount of $8 million which will increase the total aggregate amount to $39 million. Staff envisions that the multitude of benefits that the Authority continues to see from these contracts warrants an additional
increase in the aggregate funding amount to support new and ongoing initiatives needed to support the Authority’s Digital investments.

**Strategic Planning – Strategy & Corporate Development**

A Request for Qualification, (“RFQ”) No. Q19-6798JT, was issued on September 10, 2019 in the NYS Contract Reporter to solicit information from qualified Suppliers to enable the Authority to evaluate the capabilities and capacity of each Supplier to support Camping on the NYS Canals Project. Three proposals were received and, as a result of the RFQ, all three Suppliers were deemed qualified. A Request for Proposal (“RFP”) for the Project with respect to the activities stated above was issued on December 5, 2019 to enable the Corporation to evaluate the capabilities and capacity of each Supplier. On January 10, 2020, two suppliers submitted proposals in response to the RFP to support the Authority in the development of the Reimagine the Canals Pilot Project. On February 28, 2020, approval was requested to issue a zero-dollar contract to Kent Johnson dba Camp Rockaway LLC. (“Rockaway”) (4500318463) for the pilot project, Camping on the NY State Canals, with a completion date of September 7, 2020 (Labor Day). Rockaway’s proposal demonstrated three (3) years’ experience and included a robust marketing strategy, as well as the ability to operate the site 7 days per week.

**Utility Operations – Project Management**

On September 28, 2018, the Authority issued a one-year personal services contract to Bergmann Associates, Architects, Engineers, Landscape Architects & Surveyors D.P.C (“Bergmann”) (4500301879) in the amount of $411,100 to conduct an assessment for the replacement of three roadway bridges located within the Project limits of the Robert Moses Niagara Power Plant (“RMNPP”) in Lewiston, NY. Bergmann’s assessment uncovered possibilities of re-purposing two of the three roadways, and the project team has deemed this option worth exploring as it has the potential to significantly reduce the cost of the project. A Change Order was approved by the Trustees at the September 25, 2019 meeting, for an additional $300,000 and for a one-year contract extension in order to conduct an additional feasibility study. Due to COVID-19, work was stopped and the project was unable to be completed in the contracted time frame. Staff requests the Trustees’ approval for the extension of the Bergmann contract for one-year, from September 27, 2020 through September 27, 2021, for the Robert Moses Superstructure Bridge Replacement evaluation project. No additional funding is required.

**Utility Operations – Project Management**

On September 1, 2019, the Authority issued a one-year personal services contract to Hatch Associates Consultants, Inc. (“Hatch”) (4500313097) in the amount of $479,000 to analyze and describe the AGC/hydro algorithms/processes and establish metrics; develop the AGC/hydro model; analyze the algorithms and recommend algorithm modifications; develop and deploy recommended optimization software and support modifications to the existing SCADA/AGC software by the Authority or other third parties. Due to COVID-19 work was stopped and the project was unable to be completed in the contracted time frame. Staff requests the Trustees’ approval for the extension of the Hatch contract for one-year, from August 31, 2020 through August 31, 2021, for the Niagara AGC Improvements and Flow control program. No additional funding is required.

**FISCAL INFORMATION**

Funds required to support contract services for various Business Units/Departments and Facilities have been included in the 2019 Approved Operating or Capital Budget. Funds for
subsequent years, where applicable, will be included in the budget submittals for those years. Payment will be made from the Operating or Capital Fund, as applicable.

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 – Power Supply; the Senior Vice President – Chief Information Officer; the Senior Vice President – Strategy and Corporate Development; the Vice President – Engineering; the Vice President – Project Management; the Vice President – Total Rewards & HRIS; the Vice President – HR & Organizational Development; the Vice President – Environmental Justice / Sustainability; the Regional Manager of NIA; and the Treasurer recommend that the Trustees approve the award of multiyear procurement (services) and other contracts to the companies listed in Exhibit “A” and the extension and/or funding of the procurement (services) contracts listed in Exhibit “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.

Gil C. Quiniones  
President and Chief Executive Officer
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 “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 memorandum 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 “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 memorandum 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.
<table>
<thead>
<tr>
<th>Plant Site</th>
<th>Company</th>
<th>Start of Contract</th>
<th>Description of Contract</th>
<th>Award Basis</th>
<th>Contract Type</th>
<th>Amount Expended For Life</th>
<th>Expected Expenditures For Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>BUSINESS SERVICES - CORPORATE FINANCE</td>
<td>COHNREZNICK CAPITAL MARKET SECURITIES LLC New York, NY (Q19-6713RM)</td>
<td>03/31/20</td>
<td>Provide for financial advisory services for energy projects consulting services</td>
<td>B/P</td>
<td>$2 million*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>HUMAN RESOURCES &amp; ADMINISTRATION - HR &amp; ORGANIZATIONAL DEVELOPMENT</td>
<td>Q20-6869SS; 3 Awards (on or about) CAREER CONCEPTS, INC. dba CCI CONSULTING Blue Bell, PA</td>
<td>07/28/20</td>
<td>Provide Professional Coaching services</td>
<td>B/P</td>
<td>$625,000*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>HUMAN RESOURCES &amp; ADMINISTRATION - HR &amp; ORGANIZATIONAL DEVELOPMENT</td>
<td>Q20-6911JW; 2 Awards (on or about) ARNOFF MOVING &amp; STORAGE, INC. Poughkeepsie, NY NORTH AMERICAN VAN LINES, INC. Fort Wayne, IN (4500321367)</td>
<td>07/28/20</td>
<td>Provide Relocation Moving services</td>
<td>B/S</td>
<td>$350,000*</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Note: 8 vendors, $2M value and 5-year term approved at the March Trustee meeting; CohnReznick was selected but inadvertently left off the award memo; No additional funding is requested.

*Note: represents total aggregate value for a 3-year term with an option for a two-year renewal.

*Note: represents total aggregate value for a 5-year term including an interim value of $25,000 for North American Van Lines, Inc.
## Proc Awards Exh A

**Procurement (Services) and Other Contracts – Awards**  
(For Description of Contracts See “Discussion”)  
EXHIBIT “A”  
July 28, 2020

<table>
<thead>
<tr>
<th>Plant Site</th>
<th>Company 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>Expected Amount Expenditures For Life Of Contract</th>
</tr>
</thead>
<tbody>
<tr>
<td>HUMAN RESOURCES &amp; ADMINISTRATION –Pittsford, NY TOTAL REWARDS (Q20-6915JW)</td>
<td>RDG + PARTNERS CPAs, PLLC</td>
<td>01/01/21</td>
<td>Provide annual Auditing services of the assets for the Authority’s 401k and 457 Plans</td>
<td>12/31/25</td>
<td>B/S</td>
<td>$25,000</td>
<td></td>
<td>$125,000*</td>
<td>*Note: represents total for up to 5-year term</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Plant Site</th>
<th>Company 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>Expected Amount Expenditures For Life Of Contract</th>
</tr>
</thead>
<tbody>
<tr>
<td>LEGAL AFFAIRS - ENVIRONMENTAL JUSTICE &amp; SUSTAINABILITY</td>
<td>Q20-6895CC; 2 Awards</td>
<td>01/01/21</td>
<td>Provide Landscaping services</td>
<td>12/31/24</td>
<td>B/P</td>
<td></td>
<td>$800,000*</td>
<td>*Note: represents total aggregate value for a 5-year term</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Plant Site</th>
<th>Company 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>Expected Amount Expenditures For Life Of Contract</th>
</tr>
</thead>
<tbody>
<tr>
<td>LEGAL AFFAIRS - ENVIRONMENTAL JUSTICE &amp; SUSTAINABILITY</td>
<td>Q20-68956C; 5 Awards</td>
<td>01/01/21</td>
<td>Provide Land Management Assessment and Education services</td>
<td>12/31/25</td>
<td>B/P</td>
<td></td>
<td>$800,000*</td>
<td>*Note: represents total aggregate value for a 5-year term</td>
<td></td>
</tr>
</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)
## Proc Awards Exh A

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

(For Description of Contracts See “Discussion”)

**EXHIBIT “A”**  
July 28, 2020

<table>
<thead>
<tr>
<th>Plant Site</th>
<th>Company</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>Expected Amount Expenditures</th>
<th>Expenditures For Life To Date Of Contract</th>
</tr>
</thead>
<tbody>
<tr>
<td>UTILITY OPERATIONS – FACILITY MANAGEMENT</td>
<td>KINSLEY GROUP, INC. dba KINSLEY POWER SYSTEMS</td>
<td>(Q20-6926JM)</td>
<td>08/01/20</td>
<td>Provide Generator / Load Bank Maintenance, Testing and Inspection services for the Centroplex building at the WPO</td>
<td>07/31/25</td>
<td>B/S</td>
<td></td>
<td></td>
<td>$500,000*</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>*Note: represents total for up to 5-year term</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UTILITY OPERATIONS – GENERAL MAINTENANCE</td>
<td>NIAGARA UNIVERSITY</td>
<td>(450320981)</td>
<td>06/01/20</td>
<td>Provide grounds maintenance and landscaping at the Authority’s Niagara Power Project (Q20-6926JM)</td>
<td>05/31/25</td>
<td>Si/C</td>
<td></td>
<td>$88,000</td>
<td></td>
<td>$466,500*</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>*Note: represents total for up to 5-year term including an interim value $88,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UTILITY OPERATIONS - MECHANICAL ENGINEERING</td>
<td>Q20-6916BS; 2 Awards</td>
<td></td>
<td>07/28/20 (on or about)</td>
<td>Provide On-Call Crane and Hoist Maintenance Repair services for all the Authority’s and Canals facilities</td>
<td>07/27/25</td>
<td>B/S</td>
<td></td>
<td></td>
<td>$9.5 million*</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1. KONECRANES, INC.</td>
<td>Henrietta, NY</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2. POLLOCK RESEARCH AND DESIGN, INC. dba SIMMERS CRANE DESIGN &amp; SERVICES</td>
<td>Salem, OH</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<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>UTILITY OPERATIONS - PROJECT MANAGEMENT</td>
<td>Q20-6944AP; 2 Awards</td>
<td></td>
<td>07/28/20 (on or about)</td>
<td>Provide for the abatement and painting of the Generator Rotor Spiders for the remaining 13 units at the St. Lawrence -FDR Power Project</td>
<td>07/27/35</td>
<td>B/C</td>
<td></td>
<td></td>
<td>$5 million *</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1. COMPOSITE TECHNOLOGY &amp; INFRASTRUCTURE LLC</td>
<td>Rochester, NY</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2. NRC NY ENVIRONMENTAL SERVICES, INC.</td>
<td>East Syracuse, NY</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

---

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
## Proc Awards Exh A

**Procurement (Services) and Other Contracts – Awards**
*(For Description of Contracts See “Discussion”)*

<table>
<thead>
<tr>
<th>Plant Site</th>
<th>Company</th>
<th>Contract #</th>
<th>Start of Contract</th>
<th>Description of Contract</th>
<th>Closing Date</th>
<th>Award Basis</th>
<th>Compensation Limit</th>
<th>Amount Expended To Date</th>
<th>Expected Expenditures For Life Of Contract</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>UTILITY OPERATIONS - PROJECT MANAGEMENT</strong></td>
<td>Q20-6945AP; 2 Awards</td>
<td>07/28/20 (on or about)</td>
<td>Provide for the pre and post weld heat treatment of the Generator Rotor Spiders for the remaining 13 units at the St. Lawrence -FDR Power Project</td>
<td>07/27/35</td>
<td>B/C</td>
<td></td>
<td>$4 million *</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. BOLTTECH MANNINGS, INC.</td>
<td></td>
<td>North Versailles, PA</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. NOWAK INDUSTRIAL LLC</td>
<td></td>
<td>Cheektowaga, NY</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Note: represents total aggregate value 15-year term

<table>
<thead>
<tr>
<th>Plant Site</th>
<th>Company</th>
<th>Contract #</th>
<th>Start of Contract</th>
<th>Description of Contract</th>
<th>Closing Date</th>
<th>Award Basis</th>
<th>Compensation Limit</th>
<th>Amount Expended To Date</th>
<th>Expected Expenditures For Life Of Contract</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>UTILITY OPERATIONS - PROJECT MANAGEMENT</strong></td>
<td>Q20-6917KK; 2 Awards</td>
<td>07/28/20 (on or about)</td>
<td>Provide Helicopter Expert Support Services</td>
<td>07/27/25</td>
<td>B/P</td>
<td></td>
<td>$9 million*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Davincisky Engineering and Management</td>
<td></td>
<td>Birmingham, AL</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Miller Aerospace Company LLC dba MAC AIR</td>
<td></td>
<td>Covington, LA</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Note: represents total aggregate value 5-year term

---

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

---

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

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

(For Description of Contracts See "Discussion")

<table>
<thead>
<tr>
<th>Plant Site/Bus. Unit</th>
<th>Company Name</th>
<th>Contract #</th>
<th>Start of Contract</th>
<th>Description of Contract</th>
<th>Closing Date</th>
<th>Award Basis(^1)</th>
<th>Contract Type(^2)</th>
<th>Compensation Limit</th>
<th>Amount Expended To Date</th>
<th>Authorized Expenditures For Life Of Contract</th>
</tr>
</thead>
<tbody>
<tr>
<td>HUMAN RESOURCES &amp; ADMINISTRATION HR &amp; ORGANIZATIONAL DEVELOPMENT</td>
<td>SAP PUBLIC SERVICES, INC.- Newtown Square, PA (4500309449)</td>
<td>05/27/19</td>
<td>Provide Implementation of the MOSAIC (SAP SuccessFactors) Recruiting and Onboarding Cloud Applications</td>
<td>07/21/21</td>
<td>S/P</td>
<td>$22,137.50</td>
<td>$108,480*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>INFORMATION TECHNOLOGY - CYBER SECURITY</td>
<td>Q17-6135RM; 3 Awards</td>
<td>05/02/17</td>
<td>Provide Technology Co-Sourcing consulting services</td>
<td>05/1/22</td>
<td>B/P</td>
<td>$30.75 million</td>
<td>$39 million*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>STRATEGIC PLANNING - STRATEGY &amp; CORPORATE DEVELOPMENT</td>
<td>KENT JOHNSON dba CAMP ROCKAWAY LLC - Forest Hills, NY (4500318463)</td>
<td>02/28/20</td>
<td>Provide continuation services to the camping pilot along the NYS Canal System, under the Reimagine the Canals/Empire Line initiative</td>
<td>09/6/2023</td>
<td>B/S</td>
<td>$0.00*</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UTILITY OPERATIONS – PROJECT MANAGEMENT</td>
<td>BERGMANN ASSOCIATES, ARCHITECTS, ENGINEERS, LANDSCAPE ARCHITECTS &amp; SURVEYORS D.P.C. Rochester, NY (4500301879)</td>
<td>09/28/18</td>
<td>Conduct assessment for the Robert Moses Superstructure Bridge Replacement at the Niagara Power Plant</td>
<td>09/27/21</td>
<td>B/P</td>
<td>$469,777</td>
<td>$711,100*</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\(^1\) 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 total aggregate value for a 2-year and 2-month term including a 1-year and 2-month extension thru July 21, 2021 with interim approval for May 26, 2020 thru July 28, 2020; No additional funding.*

*Note: represents total aggregate value for a 5-year term; May 2017 5-year term and $25M value; March 2020 additional funding $6M; Additional funding request $8 million; Total aggregate value $39 million.*

*Note: represents total for 3-year and 6+ month term, including a 3-year extension from September 7, 2020 thru September 6, 2023; No additional funding.*

*Note: represents total for 3-year term, including a one-year extension thru September 27, 2021; No additional funding.*
<table>
<thead>
<tr>
<th>Plant Site/Bus. Unit</th>
<th>Company</th>
<th>Start of Contract</th>
<th>Description of Contract</th>
<th>Award Basis</th>
<th>Contract Type</th>
<th>Compensation Limit</th>
<th>Authorized Amount Expended For Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>UTILITY OPERATIONS - PROJECT MANAGEMENT</td>
<td>HATCH ASSOCIATES CONSULTANTS, INC.</td>
<td>09/01/19</td>
<td>Provide for the optimization of the new flow control program for the Niagara AGC Improvements project</td>
<td>B/P</td>
<td>$ 139,000</td>
<td>$479,000*</td>
<td></td>
</tr>
</tbody>
</table>

REMARKS:

- *Note: represents total for 2-year term, including a one-year extension thru August 31, 2021; No additional funding

♦ 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
Date: July 28, 2020

To: THE TRUSTEES

From: THE PRESIDENT and CHIEF EXECUTIVE OFFICER

Subject: Long-term Operations Agreement for the Discover Niagara Shuttle Service

SUMMARY

The Trustees are requested to approve a two-year operations agreement and funding in the amount of $500,000 with Niagara Falls National Heritage Area, Inc. (“NFNHAI”) to operate the Discover Niagara Shuttle Service.

Following a successful four-year program, the shuttle service is connecting visitors to multiple destinations along the Niagara River/Niagara Gorge corridor, including, but not limited to, the Authority’s Power Vista, Fort Niagara, Village of Lewiston, Niagara University, Devil’s Hole State Park, Whirlpool State Park, Niagara Falls Train Station/Underground Railroad Interpretive Center, Aquarium of Niagara, and Niagara Falls State Park. With new bed tax revenue, the service is now expanding to other areas in the county including Canal attractions. This two-year agreement will ensure continued operation of this shuttle service.

BACKGROUND

In accordance with the Authority’s Guidelines for Procurement Contracts and Expenditure Authorization Procedures, this non-personal services contract is subject to Trustee approval.

Niagara Falls is a globally-recognized tourist destination, attracting millions of visitors each year, and in addition to the waterfalls, includes a number of sites related to recreational, historic, cultural, educational, and technological resources along the Niagara River/Niagara Gorge corridor from Youngstown, NY to Niagara Falls, NY.

A number of studies have noted the importance of a reliable and efficient tourist-oriented people mover system to enable visitors to best explore the full pallet of resources along the Niagara River/Niagara Gorge corridor, most recently in the approved management plan for the federally-designated Niagara Falls National Heritage Area.

Land use along the Niagara River/Niagara Gorge corridor does not include any dense concentrations of population or employment centers that would warrant conventional daily transit service, therefore significant areas in the Niagara River/Niagara Gorge corridor are not serviced by public bus routes -- particularly during summer weekend periods when tourism demands peak -- and conventional funding criteria for expanding public bus routes does not support the addition of a tourist-oriented people mover system.
The Authority completed a major expansion and upgrade of the visitor and interpretative functions of its Power Vista facility at the Niagara Power Project in Lewiston, NY. The expansion and upgrade contemplated a shuttle service connection to and from Niagara Falls State Park, the most-visited individual attraction along the Niagara River/Niagara Gorge corridor.

The Trustees were requested and approved $500,000 in funding for a two-year shuttle service pilot program in 2015 and 2017. Now, NFNHAI, New York State Parks and the Authority are working with various public, institutional, and private attraction and hospitality partners in defining an economically sustainable, long-term business model for a high-quality, affordable shuttle service along the Niagara River/Niagara Gorge corridor that will enhance the visitors’ experience by connecting visitors to heritage site destinations, extending the length of stay and increasing heritage tourism. Continued operational funding from the Authority is critical to the effort.

DISCUSSION

In June of 2016, the new Power Vista visitors center opened to rave reviews and attendance increased as the Niagara Visitors Center became one of the “must do” tourist attractions in the region.

A 2017 economic impact study by Tripp Umbach commissioned by NFNHAI found that the Discover Niagara Shuttle generated $35 million in economic impact to Niagara County in 2016 and is projected to generate $70.2 million in economic impact to Niagara County in 2020. A 2017 ridership study showed that 15% of the visitors riding, decided to extend their stay in Niagara County because of the shuttle and visit the attractions. Of the shuttle riders surveyed, 36.5% said they used the shuttle to visit the Power Vista.

FISCAL INFORMATION

Payment associated with this contract will be made from the Authority’s Operating Fund. NYPA will pay the NFNHAI $250,000 per year in two installments.

The total for the agreement is for $500,000.00

RECOMMENDATION

The Senior Vice President – Public and Regulatory Affairs and the Vice President – Strategic Supply Management, recommend that the Trustees approve the contract with Niagara Falls National Heritage Area, Inc. to operate the Discover Niagara Shuttle Service.

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

Gil C. Quiniones
President and Chief Executive Officer
RESOLUTION

RESOLVED, That pursuant to the Authority’s Expenditure Authorization Procedures, a two-year contract for the operations of shuttle service and support expenditures up to the amount of $500,000 are hereby approved for the Niagara Falls National Heritage Area’s Discover Niagara Shuttle, as recommended in the foregoing memorandum of the President and Chief Executive Officer; and be it further

RESOLVED, That the 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.
Date: July 28, 2020

To: CANAL CORPORATION BOARD OF DIRECTORS

From: THE PRESIDENT AND CHIEF EXECUTIVE OFFICER

Subject: Procurement (Services) Contract – Construction of the Canalway Trail Mohawk to Ilion – Contract Award

SUMMARY

The Board of Directors is requested to approve the award of a construction services contract related to Inquiry No. K20-10271915NF to Carver Construction, Inc. (“Carver”) for the construction of the Canalway Trail in the Village of Mohawk and the Village of Ilion, Herkimer County, New York, in the amount of $6,304,150.00. Construction is expected to conclude by the contract completion date of June 30, 2021.

Due to the need to meet and maintain the Canal Corporation’s project schedule, the proposed construction contract (44000005051) with Carver became effective on July 1, 2020, for the initial interim award amount of $1,250,000.00, subject to the Board of Directors’ (“Board”) approval as soon as practicable, in accordance with the Canal Corporation’s Guidelines for Procurement Contracts and Expenditure Authorization Procedures (EAPs). The interim award allows the contractor to meet and maintain the project schedule as required by the Empire State Trails Initiative prior to the deadline date of July 28, 2020.

In accordance with the Canal Corporation’s Procurement Guidelines and EAPs, the Board’s approval is required when the award of service contracts and/or Purchase Order Releases exceeds a one-year term, or the value of such contracts exceeds $6,000,000.

BACKGROUND

This project will construct a 1.87-mile-long segment of Erie Canalway Trail linking the Village of Mohawk from East Main Street (Route 28) to the Ilion Marina in the Village of Ilion and will complete a missing segment of the Empire State Trail. The project is within the limits of the Village of Mohawk and the Village of Ilion both located in Herkimer County. The canal system, as a whole, is a listed National Historic Landmark. This project enhances and expands the prominence of the system, considering recreational and economic impact on the Empire State as the original historic Erie Canal had on previous generations.

Construction activities will include installing temporary erosion and sediment control devices, work zone traffic control, clearing brush and removing trees and stumps, excavating and grading for a 10-foot wide asphalt shared use path, constructing pedestrian and bridge railing systems, constructing geosynthetic reinforced soil system slopes (“GRSS”), fill type
retaining walls, drainage swales and other drainage system improvements, constructing one pedestrian bridge, installing trail related signage, installing benches and landscaping items.

DISCUSSION

On May 22, 2020, RFP No. K20-10271915NF was issued electronically via Ariba among four (4) bidders for the Construction of the Canalway Trail from Mohawk to Ilion. In response to this competitive solicitation, two (2) proposals (“bids”) were received and opened on June 10, 2020. The bids were reviewed by an Evaluation Committee consisting of Canal Corporation’s staff from Design, Construction and Procurement and New York Power Authority’s Strategic Supply Management staff.

FISCAL INFORMATION

All associated expenditures will be paid from the Canal Corporation’s Capital or Operating fund, as appropriate.

RECOMMENDATION

The Director of Design recommends that, based on the evaluation, the construction services contract related to Inquiry No. K20-10271915NF for Construction of the Canalway Trail from Mohawk to Ilion be awarded to Carver Construction, Inc. of Altamont, New York, effective July 1, 2020, in the amount of $6,304,150.00 for a term of twelve months with an interim approval in the amount of $1,250,000 to meet and maintain the project schedule.

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

Gil C. Quiniones
President and Chief Executive Officer
RESOLVED, That pursuant to the Canal Corporation's Procurement Guidelines and Expenditure Authorization Procedures, approval is hereby granted to award Contract #4400005051 (in association with Inquiry No. K20-10271915NF), with the start date of July 1, 2020, completion date of June 30, 2020, and a total award value of $6,304,150.00 for the Construction of the Canalway Trail, Mohawk to Ilion, to Carver Construction, Inc. of Altamont, New York, including interim funding in the amount of $1,250,000.00, as recommended in the foregoing memorandum of the President and Chief Executive Officer;

<table>
<thead>
<tr>
<th>Contractor</th>
<th>Location</th>
<th>Contract Award</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carver Construction, Inc.</td>
<td>Altamont, NY</td>
<td>$6,304,150.00</td>
</tr>
<tr>
<td>Contract: 4400005051</td>
<td>Inquiry: K20-10271915NF</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 Canal Corporation are, and each of them hereby is, authorized on behalf of the Canal Corporation 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.
JOINT NEW YORK POWER AUTHORITY AND CANAL CORPORATION  
SUMMARY OF MINUTES  
May 19, 2020

Introduction
Chairman Koelmel welcomed the Trustees/Directors and NYPA and Canal staff members who were present for meeting via videoconference.

Chairman Koelmel 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 May 19, 2020 Proposed Meeting Agenda

Upon motion made by member Michael Balboni and seconded by member Eugene Nicandri, the meeting Agenda was adopted.

<table>
<thead>
<tr>
<th>RESOLUTION</th>
<th>Moved: M. Balboni</th>
<th>Seconded: E. Nicandri</th>
<th>Adopted: 4/0</th>
</tr>
</thead>
</table>

2. Motion to Conduct an Executive Session

“Mr. Chairman, I move that the Board conduct an Executive Session to discuss the financial and credit history of a particular corporation and the employment of a particular person or corporation.”

On motion made by member Dennis Trainor and seconded by member Michael Balboni, the members held an executive session.

<table>
<thead>
<tr>
<th>RESOLUTION</th>
<th>Moved: D. Trainor</th>
<th>Seconded: M. Balboni</th>
<th>Adopted: 4/0</th>
</tr>
</thead>
</table>

3. Motion to Resume Meeting in Open Session

“Mr. Chairman, I move to resume the meeting in Open Session.”

Chairman Koelmel said no votes were taken during the Executive Session.
On motion made by member Dennis Trainor and seconded by member Michael Balboni, the meeting resumed in Open Session.

<table>
<thead>
<tr>
<th>RESOLUTION</th>
<th>Moved:</th>
<th>Seconded:</th>
<th>Adopted:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>D. Trainor</td>
<td>M. Balboni</td>
<td>4/0</td>
</tr>
</tbody>
</table>

4. **Discussion Agenda:**

   a. **Strategic Initiatives**

   i. **President and Chief Executive Officer’s Report**

      *President Quiniones provided highlights of the Authority’s performance, to date, to the Board (Exhibit “4a i-A”).*

      1. **Return to the Workplace (Ricardo DaSilva)**

         No vote necessary.

      2. **Unpausing of Capital and O & M Work (Evan Yager)**

         No vote necessary.

      3. **Regional Reopening of the New York State Canals (David Mellen)**

         No vote necessary.

      4. **Chief Financial Officer’s Report (Adam Barsky)**

         No vote necessary.

   b. **Finance Committee Report (Chair Tracy McKibben)**

   i. **Financial Operations**

      1. **Release of funds for the New York State Canal Corporation**

      On motion made by member Michael Balboni and seconded by member Eugene Nicandri, the following item was adopted.

<table>
<thead>
<tr>
<th>RESOLUTION</th>
<th>Moved:</th>
<th>Seconded:</th>
<th>Adopted:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>M. Balboni</td>
<td>E. Nicandri</td>
<td>4/0</td>
</tr>
</tbody>
</table>
ii. Utility Operations


On motion made by member Michael Balboni and seconded by member Dennis Trainor, the following resolution, as submitted by the President and Chief Executive Officer was unanimously adopted.

RESOLUTION

<table>
<thead>
<tr>
<th>Moved:</th>
<th>Seconded:</th>
<th>Adopted:</th>
</tr>
</thead>
<tbody>
<tr>
<td>M. Balboni</td>
<td>D. Trainor</td>
<td>4/0</td>
</tr>
</tbody>
</table>

iii. Commercial Operations

1. e-Mobility Program: Authorization to Expand Vendor Pool and Contract Capacity for Electric Vehicles Charging Station Projects

On motion made by member Dennis Trainor and seconded by member Eugene Nicandri, the following item was adopted.

RESOLUTION

<table>
<thead>
<tr>
<th>Moved:</th>
<th>Seconded:</th>
<th>Adopted:</th>
</tr>
</thead>
<tbody>
<tr>
<td>D. Trainor</td>
<td>E. Nicandri</td>
<td>4/0</td>
</tr>
</tbody>
</table>

iv. Legal Operations

1. Procurement (Services) Contracts – Legal Services Contract Awards

On motion made by member Michael Balboni and seconded by member Dennis Trainor, the following item was adopted.

RESOLUTION

<table>
<thead>
<tr>
<th>Moved:</th>
<th>Seconded:</th>
<th>Adopted:</th>
</tr>
</thead>
<tbody>
<tr>
<td>M. Balboni</td>
<td>D. Trainor</td>
<td>4/0</td>
</tr>
</tbody>
</table>

v. Information Technology

1. Information Technology Contingent Staffing – Multiple Contract Awards

On motion made by member Eugene Nicandri and seconded by member Dennis Trainor, the following item was adopted.

RESOLUTION

<table>
<thead>
<tr>
<th>Moved:</th>
<th>Seconded:</th>
<th>Adopted:</th>
</tr>
</thead>
<tbody>
<tr>
<td>E. Nicandri</td>
<td>D. Trainor</td>
<td>4/0</td>
</tr>
</tbody>
</table>
5. **CONSENT AGENDA:**

**CONSENT AGENDA:**

a. **Commercial Operations**
   i. Expansion Power Allocations - Resolution (Keith Hayes)
   ii. Recharge New York Power – New, Extended and Modified Allocations - Resolution (Keith Hayes)
   iii. Economic Development Programs – Annual Compliance Deferral - Resolution (Keith Hayes)

b. **Procurement (Services) Contracts**
   i. Procurement (Services) and Other Contracts – Business Units and Facilities – Awards, Extensions and/or Additional Funding -- Resolution (John Canale)
   ii. Advancing Analytics – Authorization to Award Master Services Agreement Contracts for the Digital Transformation Office – Resolution (Daniella Piper)

c. **Utility Operations**
   i. Smart Generation and Transmission Strategic Initiative – Communications Backbone Program Contract Award and Lease Agreement – Resolution (Joseph Kessler)

d. **Real Estate**
   i. Niagara Power Project – Extension of Lease for Warehouse Space – DRC Development, LLC – Resolution (Ruth Colon)

e. **Canal Corporation**
   i. Procurement (Services) Contract – Canal Inland Tug Vessel Design – Contract Award - Resolution (John Canale)

f. **Governance Matters**
   i. Minutes of the Regular Joint Meeting of the New York Power Authority’s Trustees and Canal Corporation’s Board of Directors held on March 31, 2020

---

**Conflicts of Interest**

Chairman Koelmel and members Nicandri, Balboni and Trainor declared no conflicts of interest based on the list of entities previously provided for their review.

Vice Chair Nicandri said that, in the interest of transparency, he wanted the records to show that a member of the Law firm Barclay Damon LLP (#4a iv 1) did some estate planning work for his family three years ago. He does not have any ongoing matters with the firm.

On motion made by member Michael Balboni and seconded by member Dennis Trainor, the members approved the Consent Agenda.

<table>
<thead>
<tr>
<th>RESOLUTION</th>
<th>Moved: M. Balboni</th>
<th>Seconded: D. Trainor</th>
<th>Adopted: 4/0</th>
</tr>
</thead>
</table>
6. **Next Meeting**

The next Regular joint meeting of the New York Power Authority Trustees and the Canal Corporation' Board of Directors will be held on July 28, 2020 via videoconference.

On motion made by member Michael Balboni and seconded by member Dennis Trainor, the meeting was adjourned.

<table>
<thead>
<tr>
<th>RESOLUTION</th>
<th>Moved:</th>
<th>Seconded:</th>
<th>Adopted:</th>
</tr>
</thead>
<tbody>
<tr>
<td>M. Balboni</td>
<td>D. Trainor</td>
<td>4/0</td>
<td></td>
</tr>
</tbody>
</table>
6. **Next Meeting**

The regular meeting of the New York Power Authority’s Board of Trustees and the Canal Corporation’s Board of Directors will be held on September 23, 2020, unless otherwise designated by the Chairman with the concurrence of the members.