MINUTES OF THE REGULAR MEETING
OF THE
POWER AUTHORITY OF THE STATE OF NEW YORK

January 26, 1999

Table of Contents

January 26, 1999

Minutes of the regular meeting of the Power Authority of the State of New York held at the New York Office at 11:00 a.m.

Present:	Clarence D. Rappleyea, Chairman Louis P. Ciminelli, Trustee Frank S. McCullough, Jr., Trustee Gerard D. DiMarco, Trustee

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Eugene W. Zeltmann	President and Chief Operating Officer
David E. Blabey	Executive Vice President, Secretary and General Counsel
Robert A. Hiney	Executive Vice President - Project Operations
John F. English	Senior Vice President – Corporate Planning
James Knubel	Senior Vice President – Chief Nuclear Officer
Louise M. Morman	Senior Vice President – Marketing and Economic Development
Robert L. Tscherne	Senior Vice President – Energy Services and Technology
Vincent C. Vesce	Senior Vice President - Human Resources
Russell Krauss	Chief Information Officer
Arnold M. Bellis	Vice President - Controller
Daniel Berical	Vice President – Policy and Governmental Affairs
Woodrow W. Crouch	Vice President – Project Management
H. Kenneth Haase	Vice President - Transmission
John M. Hoff	Vice President – Procurement and Real Estate
Charles I. Lipsky	Vice President and Chief Engineer – Power Generation
Michael Petralia	Vice President – Public Affairs
Joseph J. Carline	Assistant General Counsel
Carmine J. Clemente	Deputy General Counsel
Richard E. Kuntz	Regional Manager – Southeast New York
John Osinski	Executive Director – Regulatory Affairs
Jordan Brandeis	Director – Performance Planning
Joseph J. Brennan	Director – Internal Audit
Angelo Esposito	Director – Energy Services
Jules Franko	Director – Nuclear Procurement
John Leonard	Director – Special Projects
John L. Murphy	Director – Public Information
Mark O'Connor	Director – Real Estate
James J. Peterson	Director – Power Contracts
George W. Collins	Treasurer
William Ernsthaft	Principal Attorney II
Anne Wagner-Findeisen	Deputy Secretary
Vernadine Quan-Soon	Assistant Secretary
Barbara Vahue	Assistant Secretary

Chairman Rappleyea presided over the meeting. Executive Vice President, Secretary and General Counsel Blabey kept the Minutes.

1. Approval of the Minutes

The minutes of the Regular Meeting held on December 15, 1998 were approved.

2. Financial Report for the Year Ended December 31, 1998

3. <u>Report from the President and Chief Operating Officer</u>

President Zeltmann commended Messrs. Hiney, Knubel and staff on the extraordinary job performed in connection with containing a hydrogen fire at the JAF plant on Thursday, January 14, and thanked the various local fire departments who had extended admirable assistance.

At Mr. Hiney's request, Mr. Knubel reported on the event. He stated that the fire appears to have broken out shortly before 1:00 p.m., in a valve cabinet in a remote hydrogen storage area. Operations personnel were working in that area when the fire started. The occurrence was immediately reported to the NRC, and staff sought firefighting assistance from local volunteer fire departments. Some 12 local organizations came to staff's aid, and the fire was under control within an hour, although the formal emergency status did not end until 8 p.m. Work crews were kept on over the weekend to enable the prompt initiation of an investigation as to the fire's cause, which is still ongoing. The NRC has indicated that it will rely on the Authority's findings in the investigation, which included several participants from INPO.

Mr. Knubel added that the incident did not require the JAF plant to be shut down at any point and that there had been only one small injury to an employee. There is no obvious cause or error identified to date, although the fire appears to have involved a leak in an exterior ignition mechanism, and staff is now examining the valve very carefully. Mr. Knubel further explained that hydrogen is used as a cooling agent for the generator and reactor chemistry water controls. Pending identification of the cause, plant staff is utilizing hydrogen in portable bottles.

Mr. Knubel further stated that senior nuclear management is pleased with the NRC's measured response to the incident, and with the assistance received from outside firefighters, which contributed to NYPA receiving good emergency response marks from the NRC. Chairman Rappleyea commended all of the staff members involved including the Public Affairs personnel, and stated that a special event would be organized to thank the outside persons who had been instrumental in containing the fire.

Mr. Hiney then introduced Mr. Richard Kuntz, the Regional Manager – Southeast New York and of the Poletti Project, and at President Zeltmann's request, Mr. Krauss then briefed the Trustees on the current status and developments in the ongoing Year 2000 Program effort. In particular, Mr. Krauss stated that the major milestone of going "live" with the SAP system on January 4, 1999 was successfully attained, thanks to invaluable assistance provided by Messrs. Hoff and Bellis and their staffs. Mr. Bellis added that the joint effort was a

shining example of interdepartmental teamwork, and was completed on schedule and some $3 million under budget. Mr. Hoff stated that the results are attributable to the dedicated efforts of a wide variety of staff members. Mr. Vesce noted that he is proud of the successful collaboration between the various entities and stressed that staff members had indeed gone the extra mile to meet the deadline.

Mr. Kuntz reported on the successful live testing of severe and critical systems at Poletti which had taken place on January 5 and 6. As part of the process, staff was able to program dates for the future as far ahead as 2004, and to run the plant manually before switching back to mechanized mode. Mr. Kuntz reported that the test uncovered the failure of a system that was previously reported by the vendor to be Year 2000 compliant. This emphasizes the importance of testing systems ourselves. Mr. Krauss added that the Nuclear Generation's target date for demonstrating compliance is still June 30, 1999. Mr. Krauss then described the North American power grid as it affects NYPA within the Y2K context and the role of Mr. English in serving as facilitator with external entities in developing regional contingency plans.

Trustee McCullough asked whether Mr. Krauss is comfortable with the degree of progress on resolving Y2K issues affecting the Authority. Mr. Krauss responded in the affirmative, explaining that although there are still some "unknowns" in the Y2K area, he is confident that the Authority has the mechanisms for addressing them, and that our internal plans are going well. President Zeltmann added that Mr. Hiney will be regularly briefing the Trustees as to the progress of the individual sites as the year moves forward, as the Y2K issues merit the highest degree of attention.

4. Temporary Assignment of 750 kW of Expansion Power

The President submitted the following report:

SUMMARY

"The Trustees are requested to approve the temporary assignment of 750 kW of Expansion Power from the Bethlehem Steel ('Bethlehem') facility on Lake Shore Road in Buffalo to the BOC Gases ('BOC') facility on Catherine Street in Buffalo, New York for use by Bethlehem Steel to transport gaseous nitrogen to its steel mill.

BACKGROUND

"Bethlehem has requested that 750 kW of Expansion Power that is presently allocated to its Lake Shore Road plant in Buffalo be temporarily assigned to BOC for use by Bethlehem at the BOC Plant in Buffalo. The Trustees approved the 750 kW allocation to Bethlehem at their meeting of December 19, 1988, as part of a total allocation of 15,800 kW. This total allocation has since been reduced to 10,400 kW. The allocation has a job commitment of 863 jobs. Subsequently, the Authority, Bethlehem, and Niagara Mohawk Power Corporation entered into an April 20, 1989 Expansion Power Allocation and Service Agreement. Bethlehem's job commitment will be maintained during the proposed temporary assignment.

DISCUSSION

"To provide the gaseous nitrogen requirements of Bethlehem's mill most cost effectively, BOC constructed a pipeline to transport nitrogen from BOC's production facility to Bethlehem's steel mill. The gas is pushed through the pipeline by a compressor located on BOC's plant site. The compressor operates for the sole benefit of Bethlehem's facility located three miles away at the other end of the pipeline. Bethlehem takes title to the nitrogen at the inlet of the compressor. The 750 kW of Expansion Power will power the compressor.

"The BOC substation and delivery point will provide service to the compressor owned by Bethlehem but located on the plant site of BOC. Bethlehem and BOC have submitted copies of the agreements between Bethlehem and BOC concerning compensation for and the delivery and use of the 750 kW Expansion Power allocation to Authority staff. Based on such agreements, BOC would derive no benefit from the Expansion Power as its production is completed when the nitrogen reaches Bethlehem's compressor. There will be physical arrangements, such as sub-metering, to ensure that only Bethlehem's compressor uses the hydropower and that under no circumstances does BOC directly receive any electricity billing benefits of under utilized hydropower kW or kWh.

"Bethlehem will maintain all existing job commitments associated with the 750 kW allocation which is subject to withdrawal in accordance with the job commitment provisions of Bethlehem's April 20, 1989 Expansion Power Allocation and Service Agreement.

"The term of the temporary assignment will be co-extensive with the existing allocation to Bethlehem. The Authority, after consultation with Bethlehem, may recall the allocation from the BOC Buffalo Plant upon 90 days' notice to Bethlehem and BOC, if the Authority determines that the maximum economic development benefit to be derived from this allocation is best achieved by returning the allocation to the Bethlehem Lake Shore Road plant.

"Niagara Mohawk supports this temporary assignment in order to facilitate delivery and billing of the Expansion Power.

<u>RECOMMENDATION</u>

"The Director – Business Marketing and Economic Development recommends that the Trustees approve a temporary assignment of 750 kW of Expansion Power from Bethlehem's Lake Shore Road plant in Buffalo to the BOC Gases Plant on Catherine Street in Buffalo for purposes of powering a compressor to transport nitrogen gas from the BOC plant to the Bethlehem mill.

"The Senior Vice President – Marketing and Economic Development, the Executive Vice President, Secretary and General Counsel, the Executive Vice President – Project Operations, and I concur in the recommendation."

The attached resolution, as recommended by the President, was unanimously adopted.

RESOLVED, That a temporary assignment of 750 kW of Expansion Power from Bethlehem Steel to BOC Gases for use by Bethlehem Steel at the BOC Gases Plant in Buffalo, New York is approved subject to the conditions described in the accompanying memorandum of the President; and be it further

RESOLVED, That subject to approval of the form thereof by the Executive Vice President, Secretary and General Counsel or his designee, the Senior Vice President – Marketing and Economic Development or her designee be, and hereby is, authorized to negotiate and execute all other documents or agreements necessary or desirable to effectuate the foregoing resolution.

5. Approval of Extension of Existing Expansion Power to Ford Motor Company, an Existing Customer

The President submitted the following report:

SUMMARY

"The Trustees are requested to approve an extension of 4,300 kW of Expansion Power in Erie County to Ford Motor Company, Buffalo Stamping Plant, ('Ford') an existing customer.

BACKGROUND

"Ford currently has two allocations of Expansion Power, 2,900 kW and 4,300 kW, both being used at the Buffalo facility. The 2,900 kW allocation is under contract which terminates June 1, 2008 and the 4,300 kW allocation terminates December 31, 1999. The current combined job commitment is 2,074, which the company will commit to maintain in return for this extension. Ford employs over 2,000 employees at the Buffalo Stamping Plant and represents a sizeable tax base for the Town of Hamburg and Erie County.

"Under Section 1005 (13) of the Power Authority Act, the Authority may contract to allocate or reallocate directly or by sale for resale, 250 MW of firm hydroelectric power as "Expansion Power" to businesses within the state located within 30 miles of the Niagara Power Project, provided that the amount of power (19,732 kW) allocated to businesses in Chautauqua County on January 1, 1987 shall continue to be allocated in such county.

DISCUSSION

"Ford's annual investment in plant and facilities has been about $40 million, with many of the vendors of goods and services located in Western New York. Buffalo Stamping Plant's competitors are other Ford stamping plants. These competitor plants are closer to assembly plants, have lower taxes and utility rates, and thus have a cost structure which is more attractive for sourcing decisions. Ford is presently working with the Empire State Development Corporation to acquire a grant for structuring a skills training center. This facility must remain competitive by aligning its utility costs with other Ford facilities and utilizing any other cost reduction methods.

"Staff recommends that the 4,300 kW of Expansion Power to Ford be extended. This action will help to maintain the reduced costs which will enable the company to compete more effectively. In addition, it will further secure Ford's employment levels in Buffalo.

"To match the term of the 2,900 kW allocation, staff recommends the approval of an extension to June 1, 2008.

RECOMMENDATION

"The Manager - Business Power Allocations and Compliance recommends that the Trustees approve the extension of 4,300 kW of Expansion Power to Ford Motor Company, Buffalo Stamping Plant.

"The Senior Vice President - Marketing and Economic Development, the Executive Vice President, Secretary and General Counsel, the Executive Vice President – Project Operations, and I concur in the recommendation."

The attached resolution, as recommended by the President, was adopted by a vote of 3 to 1. Trustee Ciminelli abstained.

RESOLVED, That the extension of 4,300 kW of Expansion Power to Ford Motor Company be, and hereby is, approved on the terms set forth in the attached memorandum of the President; and be it further

RESOLVED, That subject to approval of the form thereof by the Executive Vice President, Secretary and General Counsel, the Senior Vice President - Marketing and Economic Development or her designee be, and hereby is, authorized to execute any and all documents necessary or desirable to effectuate the above extension.

6. Amendment to Authority's Rules and Regulations
<u>Part 454.6 (a) – Billings – Notice of Proposed Rule Making</u>

The President submitted the following report:

SUMMARY

"The Trustees are requested to authorize the Secretary to file notice for publication in the State Register of the Authority's proposed action to modify Part 454.6(a) of its Rules and Regulations (requiring bills to be issued to customers by the tenth day of the billing period, unless otherwise provided in the customer's power supply contract with the Authority) to the tenth 'business' day of the billing period, and to submit such other notice as required by statute or regulation.

BACKGROUND

"On June 21, 1976, the Trustees adopted Rules and Regulations for Power Service which were subsequently designated Part 454 of Chapter X of Title 21 of the Official Compilation of Codes, Rules and Regulations published by the Secretary of State (21 NYCRR 454.6 (1995)). Part 454.6(a), entitled 'Billings', provides in pertinent part that "except as otherwise provided in the accepted application for service, service tariff or other contract documents, Authority will submit bills to customer on or before the tenth day of each billing period for electric service furnished during the preceding billing period". The practice to date has been to count the first ten calendar days, rather than business days, in submitting such bills.

DISCUSSION

"Due to a steady expansion of the Authority's customer base over the past several years and an increasing dependency on outside sources for billing data (e.g., host utilities), coupled with a staff reduction in the Wholesale Billing Group, meeting the current tenth calendar day bill issuance requirement has become increasingly onerous. The situation will be further exacerbated by the vastly expanded billing responsibilities that will be imposed on the Wholesale Billing Group in an Independent System Operator regime.

"With the exception of its governmental customers, the billing period for nearly all Authority customers is the calendar month. Often the billing data is provided on the required bill issuance date; sometimes the data is not received by the required bill issuance date, necessitating unwarranted bill estimation with subsequent adjustments to bills the following month. This is not a desirable situation, as customers prefer actual bills, and is a particular problem when the tenth calendar day falls on a weekend and/or holiday.

"It is recommended that Section 454.6(a) of the Authority's Regulations be amended to provide that the Authority will submit bills to customers on or before the tenth business day of the billing period. The proposed textual modification to Section 454.6(a) is set forth as Exhibit '6-A'.

FISCAL INFORMATION

"There will be no cash flow detriment to the Authority resulting from this modification since there is no change in the payment due date provision.

RECOMMENDATION

"The Director – Power Contracts and Billing recommends that the Executive Vice President, Secretary and General Counsel be authorized to file notice for publication in the State Register of the proposed modification to a practice bearing on the Authority's rates amending Part 454.6(a) of the Authority's Rules and Regulations, to provide that the Authority will submit bills on or before the tenth business day of every month.

"The Senior Vice President – Marketing and Economic Development, the Executive Vice President, Secretary and General Counsel, the Executive Vice President – Project Operations, and I concur in the recommendation."

The attached resolution, as recommended by the President, was unanimously adopted.

RESOLVED, That the Executive Vice President, Secretary and General Counsel of the Authority be, and hereby is, authorized to file notice for publication in the State Register of the proposed amendment to Part 454.6(a) of Chapter X Title 21 of the Official Compilation of Codes, Rules and Regulations of the State of New York, as a practice bearing on the Authority's rates, as recommended in the attached memorandum of the President, and to submit such other notice as may be required by statute or regulation.

Exhibit ‘6-A’
January 26, 1999

Chapter X Title 21 of the Official Compilation of Codes,
Rules and Regulations of the State of New York
[ ] = Deletions
___ = New Material

Part 454.6
Billings and Payments.

(a) *Billings.* Except as otherwise provided in the accepted application for electric service, the applicable service tariff or other contract documents, authority will submit bills to customer on or before the 10th business day of each billing period for electric service furnished during the preceding billing period, and payments will be due and payable by customer on the first day of the billing period immediately succeeding the date each bill is submitted. For the purposes of the preceding sentence, the term “business day” shall mean a day other than a Saturday, Sunday, or banking holiday in the State of New York.

7. St. Lawrence/FDR and Niagara Power Projects Relicensing - Expenditure Authorization

The President submitted the following report:

SUMMARY

"The Trustees are requested to authorize an additional $6.7 million in capital expenditures for the relicensing of the St. Lawrence/FDR Power Project in 1999; these funds were previously approved as part of the 1999 budget. The anticipated tasks related to the St. Lawrence Project involve (1) performing studies and assessments necessary to prepare an application for a new license and an Environmental Impact Statement for the St. Lawrence/FDR Project; (2) consultation and settlement negotiations with agencies, local governments, and other parties; and (3) third party contractor ('TPC') support for the cooperative environmental review process by the Federal Energy Regulatory Commission ('FERC') and the New York Department of Environmental Conservation ('DEC'). To date, the capital expenditures previously approved total $13.5 million for this project. With the current request, the total capital authorization for this project would be $20.2 million.

"The Trustees are also requested to approve an additional $2.2 million in capital expenditures for the relicensing of the Niagara Power Project in 1999. New efforts in 1999 would include selecting a consultant to prepare the Initial Stage Consultation Document and a TPC to assist FERC and DEC in their integrated environmental review of the Authority's applications for both a new FERC license and a DEC Water Quality Certification. To date, the President has approved $131,000 for this project. The Trustees separately approved $12 million in 1998 for recreation-related projects. With the current request, the total capital authorization for this project would be $14.3 million.

BACKGROUND

St. Lawrence/FDR

"The Authority's existing FERC license for the St. Lawrence Project expires in October 2003. In accordance with FERC regulations, the Authority's application for a new license must be filed by October 2001.

"At their meeting of August 25, 1998, the Trustees approved the additional capital expenditure of $5.1 million for the St. Lawrence relicensing to cover expenses in 1998 and early 1999. The additional $6.7 million currently requested will cover tasks to be performed through the end of 1999. The focus in 1999 will be continued consultation and settlement negotiations with the Cooperative Consultation Process ('CCP') Team and completing ongoing studies identified by the environmental impact statement scoping process.

Niagara

"The Authority's existing FERC license for the Niagara Power Project expires in August 2007. In accordance with FERC regulations, the Authority's application for a new license must be filed by August 2005.

"At Niagara, the efforts in 1999 will focus on completing a relicensing economic study regarding the impact of the project upon western New York. Also, a recreation facilities inventory will be developed to assess the potential for upgrading or refurbishing recreation facilities in the vicinity of the project. These studies started in 1998. To date, the President has approved $131,000 for this project. The Trustees separately approved $12 million in 1998 for recreation-related projects at their meetings of July 28th and August 25th. Seven million dollars were committed to the City of Niagara Falls for rehabilitation of recreation facilities. Five million dollars were committed to the Office of Parks, Recreation and Historic Preservation to be used for dismantling of the Prospect Park Observation Tower. Increased activity is anticipated in the relicensing process in 1999 when a consultant will be selected to prepare the Initial Stage Consultation Document and a Third Party Contractor will be selected to assist FERC and DEC in their integrated environmental review of the Authority's applications for both a new FERC license and a DEC Water Quality Certification.

DISCUSSION

St. Lawrence Project Relicensing

"Relicensing of the Project began in 1992 with the creation of a Hydro Relicensing Task Force ('Task Force') which included representatives from most of the non-nuclear departments within the Authority. From 1993 to 1995, the Task Force, led by the Licensing Division, identified potential issues to address during relicensing, conducted studies to collect environmental information, and developed an overall plan and strategy for relicensing the St. Lawrence Project. Major milestones included obtaining data on the existing environment, conducting turbine upgrade studies, reviewing license compliance, and initiating a public outreach program.

"Significant milestones have been reached since 1996, when the Authority entered into a Memorandum of Understanding ('MOU') with FERC and DEC to conduct an integrated environmental review in conjunction with the Authority's applications for both a new FERC license and a DEC Water Quality Certification. The MOU provides for the Authority to select and fund a TPC to assist FERC and DEC in performing their environmental review. This assistance includes holding certain public meetings, assisting FERC and DEC during the CCP, reviewing environmental and engineering studies as well as the applications to FERC and DEC, preparing a single environmental impact statement ('EIS') which will serve the needs of both agencies, and providing post-application assistance to FERC. The CCP was developed by the Authority, working with FERC and DEC, to achieve the required consultation with interested parties and agencies to facilitate the relicensing of the St. Lawrence/FDR Power Project. A multi-year procurement contract was awarded to a consultant on April 1997 for facilitating the CCP Team meetings.

"Funding has been included in the present request to continue support for:

1) meeting with the CCP Team and facilitation support;
2) intervenor funding and agency consultation;
3) the TPC to continue assisting FERC and DEC during settlement negotiations, to attend meetings, to review studies, and to begin preparation of the EIS;
4) the services of a Contractor who is managing the study efforts, report preparation, and coordination of information being provided to the CCP Team; and
5) outside counsel to provide support to Law Department staff in relicensing-related matters.

"It is anticipated that the remaining relicensing-related studies will be completed by the end of 1999.

Niagara Relicensing

"The Authority has commenced the relicensing efforts for the Niagara Power Project. This effort will entail a comprehensive public outreach program, including development of informational material, meetings with interested groups, informational mailings and project tours.

"Two studies began in 1998 and will continue through 1999**:** a relicensing economic study examining the impact of the project upon western New York; and a recreation facilities inventory to assess the potential for upgrading or refurbishing recreation facilities in the vicinity of the project.

"A strategic plan and schedule have been developed for the relicensing of the project. Funds have been included to retain a consultant to prepare the Initial Stage Consultation Document. This document will present essential information regarding the Niagara Project and its relicensing for the public, regulatory agencies, other involved agencies, Indian tribes, and non-governmental organizations.

"In 1999, the Authority will also retain a TPC with relicensing expertise to support the environmental review process by the FERC and DEC under a multi-year contract. The current request provides funding for work to be performed in 1999 only.

FISCAL INFORMATION

"To support relicensing activities, the Licensing Division requests authorization of additional capital expenditures of $6.7 million for St. Lawrence/FDR Power Project relicensing and $2.2 million for Niagara Power Project relicensing. These funds were included in the 1999 Approved O&M and Capital budgets. It is anticipated that these funds will cover expenses through the end of 1999. Funds through 2003 will be included in future budget submittals. Payments will be made from the Authority's Capital Fund.

RECOMMENDATION

"The Vice President - Policy and Governmental Affairs recommends that the Trustees approve capital expenditures of $6.7 million for St. Lawrence/FDR Power Project and $2.2 million for Niagara Power Project relicensing work in 1999.

"The Executive Vice President, Secretary and General Counsel, the Executive Vice President – Project Operations, and I concur in the recommendation."

Trustee McCullough inquired whether these expenditures had been anticipated by staff and included in the approved budget. Mr. Berical responded in the affirmative. Trustee McCullough asked about the expected completion date of the environmental review. Mr. Berical explained that the review should be finished by year-end 1999.

The attached resolution, as recommended by the President, was unanimously adopted.

RESOLVED, That additional capital expenditures are hereby approved in accordance with the Authority's Expenditure Authorization Procedures, as recommended in the attached memorandum of the President, in the amounts and for the purposes listed below:

Capital	**St. Lawrence/FDR Relicensing**	**Niagara Relicensing**
Previous Authorization	**$13.5 million**	**$12.1 million**
Current Request	**$ 6.7 million**	**$ 2.2 million**
TOTAL AMOUNT AUTHORIZED	**$20.2 million**	**$14.3 million**

8. Amendment of Commercial Paper Note Resolution

The President submitted the following report:

SUMMARY

"The Trustees are requested to authorize certain amendments to the Authority's Commercial Paper Note Resolution to permit: (1) the Series 4 Notes to be marketed as tax-exempt Notes; (2) to permit the use of Series 3 Notes to pay Series 4 Notes; (3) to permit the Series 1, 2, and 3 Notes to be used to finance Niagara relicensing and upgrade costs; and (4) to increase the authorized amount of the Series 1 Notes to $350 million and decrease the authorized amount of Series 4 Notes to $220 million.

BACKGROUND

"As part of its refunding program, which began in November, 1997 and culminated in the refunding of all General Purpose Bonds in April, 1998, the Authority issued $271.6 million in taxable Series 4 Notes, which were related solely to the debt associated with the Authority's Sound Cable Project (the 'Project'). With the takeover of the LILCO system by the Long Island Power Authority, the Authority now has the ability to transform almost all of its taxable Series 4 Notes to tax-exempt Series 4 Notes, with a relatively small portion of such Notes to remain taxable because of tax law restrictions.

"The staff is also requesting an expansion of the authorized uses for the Series 1, 2 and 3 Notes to allow for financing of Niagara relicensing and upgrade costs.

"In addition, the staff is requesting an increase in the maximum principal amount of Series 1 Notes that could be issued; such increase would allow for the use of the Series 1 Notes for Niagara relicensing and upgrade costs.

DISCUSSION

"The Authority is currently awaiting Federal Energy Regulatory Commission ('FERC') approval of the New York Independent System Operator ('ISO') proposal in order to convert the debt issued for the Project to tax-exempt long-term debt.

"Until such time as the ISO is approved by FERC, the staff proposes to convert the taxable Series 4 Notes program associated with the Project to tax-exempt commercial paper. Approval of the ISO is not needed for such conversion. A small portion of such debt would continue to be financed with taxable commercial paper to meet tax law requirements. This would be accomplished by refunding with taxable Series 3 Notes that portion of the Series 4 Notes that is not converted to tax-exempt.

"This conversion to tax-exempt commercial paper is expected to save the Authority approximately $190,000 per month in interest costs during the time that the Authority awaits FERC approval of the ISO. Once the ISO has been approved, the staff would recommend to the Trustees that the tax-exempt commercial paper for the Project be converted into long-term fixed-rate tax-exempt debt. At the same time, the Authority would terminate the forward interest rate swap entered into in March 1998 to hedge the future cost of variable rate debt associated with the Project. The conversion to long-term fixed-rate debt, coupled with the termination of the swap, is expected to produce net present value interest rate savings of an additional $1,000,000. The conversion to long-term debt would also eliminate the need for the liquidity line currently supporting the Series 4 Notes.

"Although the staff is optimistic that satisfactory FERC approval of the ISO will be forthcoming, should it not eventuate, it may be necessary to convert the Series 4 Notes back to taxable Notes to comply with tax law requirements, which conversion could be accomplished expeditiously.

"With respect to the financing of Niagara-related costs, the staff expects to submit a request to the IRS for a letter ruling allowing the Authority to finance a portion of the Niagara Project upgrade and relicensing costs with tax-exempt debt. Such financing would permit those internal funds which would be used for such Niagara costs to be used instead to repay higher cost debt associated with other Authority generating facilities. The staff does not anticipate that the use of tax-exempt debt for these purposes will have an adverse effect on the marketing of Niagara power. Financing for the Niagara relicensing and upgrade may be with a combination of taxable and tax-exempt financing; therefore, the staff is requesting that the uses for the taxable Series 3 Notes be expanded to include financing of the Niagara costs.

FISCAL INFORMATION

"The proposed conversion of the Series 4 Notes from taxable to tax-exempt Notes is estimated to save the Authority approximately $190,000 per month in debt service savings, which savings will ultimately benefit Long Island ratepayers.

RECOMMENDATION

"The Treasurer recommends that the Trustees adopt the Supplemental Resolution, attached hereto as Exhibit '8-A', amending and supplementing the Authority's Commercial Paper Note Resolution adopted on November 25, 1997.

"The Vice President – Controller, the Executive Vice President, Secretary and General Counsel, the Executive Vice President – Project Operations, and I concur in the recommendation."

The attached resolution, as recommended by the President, was unanimously adopted.

RESOLVED, That the Trustees hereby adopt the Supplemental Resolution amending and supplementing a Resolution of the Authority Authorizing Commercial Paper Notes adopted November 27, 1997 (as supplemented by a supplemental resolution adopted February 24, 1998), set forth in Exhibit "8-A" hereto; and be it further

RESOLVED, That the Chairman, the President and Chief Operating Officer, and the Treasurer be, and each of them hereby is, authorized to issue Offering Memoranda in connection with the issuance of the Authority's Commercial Paper Notes, and each is authorized, on behalf of the Authority, to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements, including any amendments to Dealer Agreements in connection with the marketing of such Notes and other documents, subject to approval of the form thereof by the Executive Vice President, Secretary and General Counsel, to effectuate the foregoing resolution.

Exhibit '8-A'
January 26, 1999

POWER AUTHORITY OF THE STATE OF NEW YORK

SUPPLEMENTAL RESOLUTION

AMENDING AND SUPPLEMENTING A RESOLUTION OF THE AUTHORITY AUTHORIZING COMMERCIAL PAPER NOTES ADOPTED NOVEMBER 25, 1997 (as supplemented by a supplemental resolution adopted February 24, 1998)

Adopted on January 26, 1999

SUPPLEMENTAL RESOLUTION

WHEREAS, on November 25, 1997, the Authority adopted an Amended and Restated Resolution pursuant to the terms of which the Authority authorized the issuance of Series 1 Notes, Series 2 Notes and Series 3 Notes and supplemented such resolution on February 24, 1998, to authorize the issuance of Series 4 Notes;

WHEREAS, the Authority has determined to remarket the Series 4 Notes (which are currently remarketed as taxable obligations) as tax-exempt obligations, upon the receipt of the Counsel's Opinion referred to in Section 301 hereof;

WHEREAS, the Authority has determined to authorize additional purposes for the application of the proceeds of the Series 1 Notes, Series 2 Notes and Series 3 Notes, and Section 401 of the Resolution provides that such proceeds may be used for any purpose (in addition to those specified in Section 401) as may be approved by the Authority's Trustees;

WHEREAS, pursuant to Section 602 of the Resolution the Authority may amend or modify the Resolution at any time by a supplemental resolution, without notice to or the consent of any Holder, to make such provisions as shall not materially and adversely affect the interests of the Holders of the Commercial Paper Notes then outstanding;

WHEREAS, the Authority has determined to amend the tax covenant in the Resolution to refer to the Series 4 Notes and to authorize additional purposes for the application of the proceeds of sale of the Series 1 Notes, Series 2 Notes and Series 3 Notes;

WHEREAS, in order to accomplish the foregoing the Authority has determined to amend the Resolution in the manner herein provided and hereby determines that such amendment will not materially and adversely affect the interests of the Holders of the Commercial Paper Notes;

BE IT RESOLVED by the Power Authority of the State of New York that the Resolution is hereby amended as follows:

ARTICLE I

DEFINITIONS

Section 101. Definitions. (A) Except as provided in paragraph (B) of this Section 101, all terms which are defined in the Resolution, including by cross-reference, or in the General Resolution, shall have the same meanings in this Supplemental Resolution.

(B) In this Supplemental Resolution (herein referred to as the "**Supplemental Resolution**'), unless a different meaning clearly appears from the context:

(1) "**General Resolution**" means the Authority's General Resolution Authorizing Revenue Obligations adopted on February 24, 1998.

(2) "**Resolution**" means the Amended and Restated Resolution Authorizing Commercial Paper Notes of the Authority adopted on November 25, 1997, as amended and supplemented from time to time (including by the supplemental resolution adopted on February 24, 1998).

(3) "**Series 1 Notes**", "**Series 2 Notes**", "**Series 3 Notes**", and "**Series 4 Notes**" means, respectively, the Commercial Paper Notes, Series 1, Series 2, Series 3, and Series 4 authorized by Section 301 of the Resolution.

ARTICLE II

AMENDMENTS TO RESOLUTION

Section 201. " The Resolution is amended and supplemented as follows (strikeout indicates deletion; underlining indicates new language):

1. Section 301 is amended and supplemented so that the fifth and sixth sentences of such section read as follows:

> The Authority hereby authorizes the issuance of three additional series of Commercial Paper Notes which respectively shall bear the designations "Commercial Paper Notes, Series 2," "Commercial Paper Notes, Series 3" and "Commercial Paper Notes, Series 4." Subject to Section 602, the principal amount of all Series 1 Notes outstanding at any time shall not exceed $~~300,000,000~~<u>350,000,000</u>, the principal amount of all Series 2 Notes outstanding at any time shall not exceed $300,000,000, the principal amount of all Series 3 Notes outstanding at any time shall not exceed $350,000,000, and the principal amount of all Series 4 Notes outstanding at any time shall not exceed $~~275,000,000~~<u>220,000,000</u>.

2. The second, third and fourth paragraphs of Section 401 are amended to read as follows:

> <u>Series 1 Notes</u> (a) to pay any costs in connection with the Authority's current and future energy services programs, including its energy services program for its public customers in southeastern New York, its program to utilize energy efficiency opportunities in new construction and major renovation projects for its public customers in southeastern New York, its programs for the implementation of energy conservation measures in State-owned facilities, county and municipal facilities, and public school districts and community colleges in the State, including the repayment of any obligations issued for such purposes, (b) to pay the principal of and interest on any notes issued by the Authority pursuant to a resolution of the Authority adopted on February 25, 1986, authorizing an agreement between the Authority and Morgan

Guaranty Trust Company of New York and the issuance of notes thereunder in an aggregate amount not to exceed $150,000,000 outstanding at any time, and any subsequent resolution of the Authority providing for renewal of loan arrangements authorized by the foregoing, (c) to refund any Series 1 Notes, (d) for payment of any Series 1 Notes at their maturity, (e) to repay any amounts outstanding on the related Credit Agreement, (f) to pay costs incurred in connection with the issuance of the Notes, (g) <u>to pay any costs associated with the relicensing of the Niagara Project, (h) to pay any costs associated with the upgrade of the Niagara Project, or (i)</u> for any other purposes subsequently approved by the Authority's Trustees.

<u>Series 2 Notes</u> (a) to refund a portion of the Authority's outstanding Series V Bonds of the Authority, (b) to refund any Series 2 Notes, (c) to pay any Series 2 Notes at their maturity, (d) to repay any amounts outstanding on the related Credit Agreement, (e) <u>to pay any costs associated with the relicensing of the Niagara Project, (f) to pay any costs associated with the upgrade of the Niagara Project, or (g)</u> for any such other purposes subsequently approved by the Authority's Trustees.

<u>Series 3 Notes</u> (a) to refund a portion of the Authority's outstanding General Purpose Bonds, (b) to refund any Series 3 <u>or Series 4</u> Notes, (c) to pay any Series 3 <u>or Series 4</u> Notes at their maturity, (d) to repay any amounts outstanding on the related Credit Agreement, (e) to pay costs incurred in connection with the issuance of the Notes, (f) <u>to pay any costs associated with the relicensing of the Niagara Project, (g) to pay any costs associated with the upgrade of the Niagara Project, or (h)</u> for any such other purposes subsequently approved by the Authority's Trustees.

3. “Section 402 is amended to read as follows:

Section 402. <u>Application of Note Proceeds; Note Proceeds Accounts</u>. The Issuing and Paying Agent under this Resolution is hereby directed to establish an account of the Authority to be designated the "Series _ Note Proceeds Account" relating to each series of Commercial Paper Notes authorized and issued by the Authority. The proceeds of the sale of each series of Commercial Paper Notes shall be deposited in the Note Proceeds Account relating to such series. ~~At the direction of an Authorized Officer, moneys in the Series 1 Note Proceeds Account, (1) other than the proceeds of the Series 1 Notes issued to refund Series 1 Notes, to pay other Series 1 Notes at their maturity, or to pay costs incurred in connection with the issuance of Commercial Paper Notes, shall be transferred to the Energy Conservation Construction and Effectuation Fund or such other Authority fund or account deemed appropriate by the Authority, (2) shall be transferred to the Issuing and Paying Agent for the purpose of refunding Series 1 Notes or paying principal of and interest on Series 1 Notes at maturity, (3) shall be applied to repay any amounts outstanding under the related Credit Agreement, or (4) shall be applied to pay costs incurred in connection with the issuance of Commercial Paper Notes. At the direction of an Authorized Officer, moneys in the Series 2 Note Proceeds Account, (1) other than the proceeds of the Series 2 Notes issued to refund Series 2 Notes or to pay other Series 2 Notes at their maturity, shall be transferred to an Escrow Fund to be established by~~

~~the Authority for the purpose of refunding certain outstanding obligations of the Authority, (2) shall be transferred to the Issuing and Paying Agent for the purpose of refunding Series 2 Notes or paying principal of and interest on Series 2 Notes at maturity, or (3) shall be applied to repay any amounts outstanding under the Related Credit Agreement. At the direction of an Authorized Officer, moneys in the Series 3 Note Proceeds Account, (1) other than the proceeds of the Series 3 Notes issued to refund Series 3 Notes, to pay other Series 3 Notes at their maturity, or to pay costs incurred in connection with the issuance of Commercial Paper Notes, shall be transferred to an Escrow Fund to be established by the Authority for the purpose of refunding certain outstanding obligations of the Authority, (2) shall be transferred to the Issuing and Paying Agent for the purpose of paying principal of and interest on Series 3 Notes at maturity, (3) shall be applied to repay any amounts outstanding under the related Credit Agreement, or (4) shall be applied to pay costs incurred in connection with the issuance of Commercial Paper Notes.~~ At the direction of an Authorized Officer, moneys in ~~the Series 4~~ <u>each</u> Note Proceeds Account shall be applied to one or more of the purposes set forth in Section 401 <u>relating to the series for which such account was established</u>. Monies in such Note Proceeds Accounts may also be used for any other purposes subsequently authorized by the Authority's Trustees. The Issuing and Paying Agent is hereby authorized to create such funds, accounts and sub-accounts in accordance with this Resolution as necessary for the administration of the Authority's commercial paper program.

4. Section 501(E) of the Resolution is amended to read as follows:

(E) The Authority shall at all times do and perform all acts and things permitted by law and necessary in order to assure that interest paid by the Authority on the Series 1 Notes, Series 2 Notes <u>and the Series 4 Notes</u> shall, for the purpose of Federal income tax, be exempt from all income taxation under any valid provision of law. The Authority shall not take or omit to take any action which would cause interest on any Series 1 Note, Series 2 Note <u>or Series 4 Note</u> to be included in the gross income of any Holder of such Commercial Paper Note for Federal income tax purposes by reason of subsection (b) of section 103 of the Internal Revenue Code of 1986 as in effect on the date of issuance of such Commercial Paper Note.

ARTICLE III

“MISCELLANEOUS

Section 301. **<u>Effective Date</u>**. This Supplemental Resolution shall be in full force and effect upon its adoption, provided that subsection 4 of Section 201 shall not be in full force and effect until the delivery by Hawkins, Delafield & Wood of an opinion that the interest on the Series 4 Notes is not included in gross income for Federal income tax purposes pursuant to Section 103 of the Code.

9. Procurement (Services) Contracts - All Operating Facilities Requiring Regulated/Hazardous Waste Disposal Services – Awards and Extensions

The President submitted the following report:

SUMMARY

"The Trustees are requested to approve the award or continuation of the multi-year procurement (services) contracts for Regulated/Hazardous Waste Disposal services as listed on Exhibit '9-A'. The nature of the required services is described therein; the expiration date for each contract will be December 31, 2005. No expenditure is committed by approval of these contracts.

BACKGROUND

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

DISCUSSION

"Federal and State regulations attach joint and several liability to the generators of hazardous wastes, so that the Authority, as a waste generator, continues to share any liability for such waste even though a vendor has accepted it for disposal. In fact, the Authority, in the worst case, could be held to share liability for all other non-Authority waste found at such a vendor's site, should a vendor not manage the site properly.

"Authority operating projects, through the course of their normal operating practices, generate hazardous waste (such as waste solvents, used transformer oil, used lubricating oil, waste laboratory chemicals and contaminated soils) as well as other regulated waste materials. In order to act in an environmentally responsible manner and to limit the Authority's potential long-term liability for costly remediation of contaminated disposal facilities and associated litigation, the Environmental Division has instituted a program of stringent review, inspection, and evaluation of solid and hazardous waste treatment, disposal, recycling, and transportation vendors and facilities.

"Further, the complexity of applicable laws and regulations require that the commercial terms associated with these types of contracts be thoroughly reviewed by the Law Department, the Procurement Division and the Corporate Finance/Risk Management to ensure that the Authority's liability and long-term cost exposure are carefully controlled.

"While it is important for the Authority to approve multiple disposal outlets for each of its wastestreams so its waste disposal needs are met and it is not overly dependent on any one vendor or facility, it is also important that the Authority not contribute waste to more facilities than are necessary, since a certain amount of risk of liability is incurred at each one.

"All vendors and facilities listed in Exhibit '9-A' have been approved by the Environmental Division for use by the Authority. The approval process consists of a multimedia environmental audit of individual facilities, discussions with appropriate federal and state regulatory agencies concerning each facility's compliance record, and an evaluation of available financial and insurance records by Corporate Finance/Risk Management. Depending on the type of facility, its permits, and the type of material handled, the audit covers various environmental areas, including air, water, hazardous waste, chemical and oil bulk storage, and emergency response. The purpose of the audit is to determine compliance with applicable laws and regulations, and to assess the level of risk of site contamination, which could result from the facility's waste management practices. Facility approval is based on an evaluation of these elements and subsequent determination by the Environmental Division that the potential for harm to the environment from facility operations is minimal, and therefore, that risk of liability to the Authority is minimal.

"In order to avoid duplicative effort among the operating and capital projects, which, in turn, could lead to contradictory terms and conditions, standard 'framework' contracts are established with vendors who have been approved through the process described above. The Authority's best interests in the area of waste treatment and disposal are served thereby in that these contracts establish a clear definition of services to be rendered and properly apportion both short-term and long-term liability between the vendor and the Authority. Price changes are monitored closely for compliance with contract terms. Should a vendor's pricing be deemed excessive at any time, these contracts may be easily terminated or simply not used. These contracts will remain in effect through December 31, 2005, subject to termination by the Authority at any time. Appropriate environmental audits will continue to be conducted during this period, and any decline in quality of service will result in termination of the contract.

"Once these 'framework' contracts are in place, proposals for individual tasks can be competitively solicited from approved contractors holding such contracts, by any Authority facility as specific needs arise. In the event of an emergency, a commitment can be rapidly made under these established contractual conditions with an approved contractor most capable of accepting the wastes on an expedited basis.

FISCAL INFORMATION

"Funding for operating expenditures has been included in the 1999 Approved O&M Budget. Funds to be expended for services in 2000 through 2005 will be included in the budget submittals for each year. Payment will be made from the Operating Fund.

"Funds required to support contract services for capital projects will be included as part of the approved capital expenditures for those projects. Payment will be made from the Capital Fund.

RECOMMENDATION

"The Director – Environmental Programs and the Vice President – Procurement and Real Estate recommend the Trustees approval of the award or continuation of multi-year procurement (services) contracts with the companies listed in Exhibit '9-A'.

"The Vice President – Controller, the Executive Vice President, Secretary, and General Counsel, the Executive Vice President – Project Operations, and I concur in the recommendation."

In response to questions from Trustee Ciminelli, Mr. Hoff explained that the cost of transporting such materials has been factored into the pricing submitted by the bidders.

The attached resolution, as recommended by the President, was unanimously adopted.

RESOLVED, That the award or continuation of each of the multi-year procurement contracts listed on Exhibit "9-A" is authorized until December 31, 2005, as recommended in the attached memorandum of the President, for the purposes listed in Exhibit "9-A" attached hereto.

Exhibit '9-A'
January 26, 1999

Vendors Recommended for Award or Continuation of Multi-Year Contracts

1. **ENVIROCYCLE, INC.**
Rte. 81, Exit 68
P.O. Box 899
Hallstead, PA 18822-0899
(717)879-2862
Recycler of computers and other electronic equipment
*Contract No.: C 98 Z0014

2. **HEVI-DUTY ELECTRIC**

13 Fountain Place
Mt. Vernon, IL 62864
(908)615-0102
Transformer decommissioning, recycling, and disposal
*Contract No.: S98 06809

3. **SAFETY-KLEEN SERVICES, INC.**
1301 Gervais Street
Suite 300
Columbia, SC 29201
*Contract No.: S 95 72145

4. **WASTE MANAGEMENT, INC.**
3003 Butterfield Road
Oak Brook, IL 60521
(516)366-0451

5. **AMERICAN REF-FUEL CO. OF HEMPSTEAD**
600 Avenue C at Stewart Ave.
Westbury, NY 11590
(516)683-5441
Waste-to-energy mass burn facility

6. **BFI**
61 Broad Avenue
Fairview, NJ 07022
(201)945-7070
Municipal, residual, and special handling waste landfill

7. **ENVIROCARE OF UTAH, INC.**
46 West Broadway
Suite 240
Salt Lake City, UT 84101
(801)532-1330
Mixed waste and low level waste landfill

8. **INMETCO**
245 Portersville Road
Ellwood City, PA 1617
(724)758-5515
Secondary metals reclaimer

9. **TPS TECHNOLOGIES SERVICES, INC.**
1964 South Orange Blosson Trail
Apopka, FL
(800) 799-8778
Thermal remediation of non-hazardous petroleum-contaminated soil

*Contract recommended for continuation

10. Next Meeting

"The Regular meeting of the Trustees will be held on **Wednesday, February 24, 1999**, **at the New York Office** at **11:00 a.m.**, unless otherwise designated by the Chairman with the concurrence of the Trustees."

Motion to Conduct Executive Session

"Mr. Chairman, I move that the Authority conduct an executive session in connection with a matter leading to its employment of services of a particular corporation."

(AFTER EXECUTIVE SESSION...)

11. Sale of an Interest Rate Swap Option

The President submitted the following report:

SUMMARY

"The Trustees are requested to authorize: (1) the sale of an interest rate swap option to Salomon Brothers Holding Company Inc ("Salomon") with a notional amount of $300 million and (2) the execution of a swap agreement with Salomon if such option is exercised.

DISCUSSION

"As a result of a Request for Proposals, staff received various proposals concerning methods by which it could extract value from its current variable rate debt structure and swap agreements. Based on a review of these proposals, staff is recommending the implementation of a proposal made by Salomon. Staff is also continuing its review of the remaining proposals, which review may result in additional recommendations to the Trustees in the future.

"Under the Salomon proposal, the Authority would sell an interest rate swap option to Salomon with a notional amount of $300 million. Salomon would make a payment to the Authority for such option at the time the transaction is consummated. If the option is exercised by Salomon, then the Authority would be required to enter into a floating-to-fixed rate swap agreement for the $300 million notional amount. A memorandum summarizing the principal terms of the interest rate swap option has been provided to the Trustees at this meeting, which terms have been requested by Salomon to be held confidential pursuant to the provisions in the State's Freedom of Information Law which protect certain proprietary information from disclosure.

"The Authority currently has variable rate debt borrowings of $1.1 billion and, as part of its overall capitalization strategy, expects to maintain at least 20 to 30% of debt exposure as variable rate debt. Over the term of the proposed swap agreement, the Authority's variable rate exposure is expected at all times to exceed the notional amount of $300 million.

"The compensation to be derived by the Authority from the sale of the option would serve to offset the Authority's debt service costs.

"There are two basic types of risks or restrictions regarding the swap option proposal. The first restriction is that, for debt management purposes, it would only be prudent for the Authority to enter into a $300 million notional amount floating-to-fixed rate swap agreement if the Authority had not less than $300 million of variable rate debt outstanding during the term of the swap agreement. The swap agreements authorized by the Trustees at their meeting of February 24, 1998 were entered into by the Authority in March 1998, in contemplation of the proposed issuance by the Authority in the years 2000, 2001, and 2002 of variable rate debt in a principal amount equal to the notional amount of the swap agreements. In contrast, the swap agreement that is the subject of this proposal, if the option were exercised, would not be entered into in connection with a proposed issuance of the variable rate debt, but rather relates to a notional amount of $300 million. As indicated, however, the Authority's outstanding principal amount of variable rate debt is expected, at all times during the term of the proposed swap agreement, to exceed the notional amount of $300 million. However, it should be noted that if the Authority were compelled to reduce its variable rate debt to less than $300 million, it may be prudent, for economic reasons, to terminate the swap, thus raising the possibility of payment of a termination fee to Salomon.

"The second type of risks are those that are attendant to any floating-to-fixed rate swap agreement. This category of risks was reviewed and considered by the Trustees in authorizing the swap agreements executed in

March 1998. These are as follows: (1) Salomon fails to provide the payments under the swap agreement; (2) the index rate received by the Authority under the swap agreement is less than the actual cost of the Authority's variable rate debt; and (3) short term or variable interest rates fall to historic low levels and stay there for an extended period of time, making it more advantageous for the Authority not to have entered into the option agreement.

"Staff has analyzed all of these risks and determined that they are manageable and reasonable in light of the payment to be derived from the sale of the option.

"The Authority's financial advisor would verify that the Authority is receiving fair value for the sale of the option at the time of the transaction.

FISCAL INFORMATION

"The payment would be deposited in the Operating Fund.

RECOMMENDATION

"The Treasurer recommends that the Trustees authorize the execution of (1) an option agreement with Salomon for a floating-to-fixed rate interest rate swap, and (2) the corresponding swap agreement, if the option is exercised, having such terms and conditions consistent with the memorandum to the Trustees discussed above.

"The Vice President - Controller, the Executive Vice President, Secretary and General Counsel, the Executive Vice President – Project Operations, and I concur in the recommendation."

Mr. Collins introduced Mr. John Miller of PFM, the Authority's financial and investment advisors, who described the exact terms of the proposed swap option to the Trustees in an executive session, which was held following a motion duly made and seconded to hold that portion of the meeting in executive session.

The meeting was then reconvened in open session, and the following resolution was unanimously adopted.

The attached resolution, as recommended by the President, was unanimously adopted.

RESOLVED, That the Chairman, the President and Chief Operating Officer, and the Treasurer be, and each of them hereby is, authorized on behalf of the Authority to enter into (1) an option agreement with Salomon Brothers Holding Company Inc to provide an option to enter into a floating-to-fixed rate interest rate swap with the Authority with a notional amount of $300 million, and (2) if the option is exercised, a floating-to-fixed rate swap agreement, each having such terms and conditions as such officer may approve, as a supplement to the International Swap Dealers

Association Master Agreement approved by the Authority in February 1998, the execution of such supplement being conclusive evidence of such approval, provided that such terms and conditions

shall be consistent with the memorandum provided to the Trustees at this meeting and provided further that the termination fee and other fees and expenses under the contemplated swap agreement shall constitute Subordinated Contract Obligations pursuant to the General Resolution Authorizing Revenue Obligations adopted on February 24, 1998 (the "General Resolution"); and be it further

RESOLVED, That the Chairman, the President and Chief Operating Officer, and the Treasurer be, and each of them hereby is, authorized on behalf of the Authority to do any and all things and take any and all actions, including a determination as to whether the scheduled payments under the contemplated swap agreement shall be a Parity Swap Obligation pursuant to the General Resolution; and to execute and deliver any and all certificates, agreements and other documents to effectuate the foregoing resolution, subject to approval of the form thereof by the Executive Vice President, Secretary and General Counsel.

12. Motion to Resume Meeting in Open Session

"Mr. Chairman, I move that the Authority resume the meeting in open session." Upon motion made and seconded, the meeting resumed in open session.

13. Annual Review of Job Commitments

The President submitted the following report:

SUMMARY

"Each year Authority staff initiates a review of all business power allocations and the customers' performance against agreed-upon job commitments. In 1997, the Authority had 300 contracts with business customers. This year's review covers a total of 257 contracts that require the customer to report job levels for 1997. This memorandum focuses specifically on 27 contracts (9 Expansion Power, 7 Replacement Power, and 11 Economic Development Power) with 24 customers. Twenty-one of these customers had job commitments below the minimum threshold in 1997. Three customers are being reviewed for productivity reasons.

"The contracts contain a customer commitment to retain or add a specific number of jobs. If the actual job level falls below 90% of that commitment, (80% for "vintage" customers), the Authority may reduce that customer's power allocation proportionately. Any such reduction will be permanent.

"It is recommended that the Trustees reduce the power allocation for two companies, continue current power allocations to 19 companies that were below their job commitment levels in 1997 but are demonstrating new growth in 1998, and adjust the future job commitment levels for three companies that have made productivity improvements.

BACKGROUND

"In 1997, the 257 contracts reviewed by staff represent overall power allocations of 933 MW and total employment commitments of 125,225 jobs. In the aggregate, these customers reported actual employment of 141,006 jobs. This represents 113% of the total job commitment for industrial customers reporting in 1997. However, there are 20 customers whose 1997 job levels were below the 90% threshold and one vintage customer below the 80% threshold.

DISCUSSION

"Of the companies reviewed in this memorandum, staff recommends that the power allocations and job commitments be reduced for two companies for the reasons discussed in Section I, below. Staff recommends that 19 companies be allowed to continue their current power allocations and job commitments as discussed in Section II. Finally, staff recommends that three companies be allowed to maintain their power allocations at lower job commitment levels to reflect productivity improvements as discussed in Section III, below. A summary of all contracts discussed in this memorandum is provided as Exhibit '12-A'.

I. Allocations and Job Commitments to Be Reduced

"**BRENNER PAPER PRODUCTS COMPANY**, Glendale, Queens County

Allocation: 700 kW of Economic Development Power and 165 jobs

Background: Brenner Paper Products Company makes customized envelopes. In 1997, the company's employment level was 141 jobs, or 85% of its commitment. Brenner Paper has been below its job commitment for four years and the company's workforce appears to be shrinking. The company does not anticipate any growth in the foreseeable future.

Recommendation: Staff recommends that the Trustees lower Brenner's Economic Development Power allocation from 700 kW to 600 kW and reduce its job commitment from 165 to 140 positions. New York City, which handles this power allocation as a Municipal Distribution Agency supports this recommendation."

"**LEROY INDUSTRIES INC.,** LeRoy, Genesee County

Allocation: 1,300 kW of Economic Development Power and 312 jobs

Background: LeRoy Industries, Inc. is a manufacturer of automobile and light truck spindles and knuckles, which attach the wheel to the axle. In 1996, the company's employment rate averaged 261 jobs, or 84%, against a base job commitment of 312. In 1997, the company's job level dropped further to 212, or 68%. The company has not outlined any plans or expectations for increased employment at the facility.

Recommendation: Staff recommends that the Trustees lower LeRoy's Economic Development Power allocation from 1,300 kW to 900 kW and reduce its job commitment from 312 to 212 positions.

II. Allocations to Continue With No Change

"BUFFALO NEWSPRESS INC., Buffalo, Erie County

Allocation: 250 kW of Expansion Power and 200 jobs

Background: Buffalo Newspress Inc., is a high-quality publications printer. In 1997 the company experienced a downturn in business, and as a result, its employment level slipped to 157 jobs, or 79% of the total job commitment of 200. The company has since recovered. It now has 202 employees, 100% of its commitment level, and expects to be consistently over this level in the future.

Recommendation: Staff recommends that the Trustees take no action at this time.

"BUFFALO SPECIALTY PRODUCTS, Niagara Falls, Niagara County

Allocation: 900 kW of Expansion Power and 90 jobs

Background: Buffalo Specialty Products makes custom guardrails, bridge and foot decking products. In 1997, the company saw its employment level drop to 76 jobs or 89%, only one job short of its commitment level.

Recommendation: Staff recommends that the Trustees take no action at this time.

"BURTON INDUSTRIES INC., North Babylon, Suffolk County

Allocation: 900 kW of Economic Development Power and 51 jobs

Background: Burton Industries Inc., manufactures metal heat treating products. In 1997 the company reported a total of 45 employees, or 88% of its job commitment. The company has replaced one employee and is currently at 46 employees, or 90% of its job commitment. It expects to hire an additional employee as well and remain above the 90% commitment level.

Recommendation: Staff recommends that the Trustees take no action.

"<u>CONFER PLASTICS INC.</u>, North Tonawanda, Niagara County

Allocation: 300 kW of Replacement Power and 91 jobs

Background: Confer Plastics, Inc., is a manufacturer of blow-molded plastic products. Due to a decline in business in the plastics industry in 1997, the company had to layoff some of its employees, reducing its staffing to 70 employees, or 77% of its commitment. The company is on the rebound. It currently has 86 employees, placing it at 95% of it commitment level and it expects to continue hiring staff.

Recommendation: Staff recommends that Trustees take no action.

"<u>COYNE TEXTILE SERVICES</u>, Syracuse, Onondaga County

Allocation: 350 kW of Economic Development Power and 93 jobs

Background: Coyne Textile Services is a laundry, cleaning and garment services operation. In 1997 the firm's job level was 79 positions, or 85% of its commitment level, as a result of significant job turnover. While the company had trouble refilling the positions immediately, it has experienced more success in 1998. The employment level is now at 102, well over its job commitment level.

Recommendation: Staff recommends that the Trustees take no action.

"<u>FREEZER QUEEN FOODS, Inc.</u>, Buffalo, Erie County

Allocation: 580 kW of Replacement Power and 508 jobs

Background: Freezer Queen Foods Inc., manufactures and markets frozen dinners and frozen entrees. All of the company's manufacturing and administrative functions are performed at the Buffalo facility. In 1997 the company's average employment level fell to 355 jobs, or 70%, of its commitment. The company reports that it is facing fierce competition from large out-of-state companies and alternative food sources, such as in-store prepared food sections and fast food restaurants. The company is also reviewing its sales strategies and cost structures, reformulating and relaunching product lines and expanding its marketing efforts. The company expects to see growth in its customer base and job levels in the near future. The company will need to add about 100 jobs to meet its commitment. Staff believes the company should be afforded at least one more year to allow its recovery plans to take affect.

Recommendation: Staff recommends that the Trustees take no action at this time.

"<u>HABASIT GLOBE</u>, Buffalo, Niagara County

Allocation: 250 kW of Replacement Power and 215 jobs
250 kW of Replacement Power and 207 jobs

Background: Habasit Globe, which has two allocations, manufactures ferro alloys. In 1997, the company's averaged 180 jobs—87% and 84% respectively of its commitment level in the two allocations. Recently, new management has reorganized the company and installed new equipment. The company invested $2.4 million in the last two years towards this equipment upgrade. The Empire State Development Corp. has given the company a training grant to train its employees on the new equipment and is fully supporting the company as it aims to expand over the next few years. The company expects to employ 220 people, placing it above its employment commitments. Staff believes that an additional year to recover will provide this company the time it needs.

Recommendation: Staff recommends that the Trustees take no action at this time.

"**LIPE-ROLLWAY CORPORATION,** Liverpool, Onondaga County

Allocation: 1,000 kW of Economic Development Power and 280 jobs

Background: Lipe-Rollway Corporation manufacturers a broad range of bearings and bar feed attachments for machine tools. In 1997, the company averaged 234 jobs, or 84%. It is now boosting job levels and expects to see an added 8% growth rate by the end of 1999. Employment is now up to 261, or 93% of its commitment.

Recommendation: Staff recommends that the Trustees take no action.

"MARKIN TUBING, A DIVISION OF M&R INDUSTRIES, INC., Pearl Creek, Wyoming County

Allocation: 1,200 kW of Economic Development Power and 145 jobs

Background: Markin Tubing produces small-diameter welded steel tubing used by the automobile and appliance manufacturers. In 1996 the company's employment level dropped below the 90% commitment level to 120 jobs, or 83%, for the first time due to downturns in the appliance industry. Despite intense competitive pressure, Markin increased sales and its employment level in 1997 to 125 jobs or 86%. It expects that sales and employment levels will continue to climb in 1999. The company is only 5 jobs below it commitment. Staff believes that the company should be given another year to satisfy the job commitment.

Recommendation: Staff recommends that the Trustees take no action at this time.

"NATIONAL ENVELOPE CORPORATION, Long Island City, Queens County

Allocation: 1,350 kW of Economic Development Power and 588 jobs

Background: National Envelope Corporation makes high quality envelopes. In May 1996, the company closed its Brooklyn plant and moved to New Jersey. In 1997, the company's employment level dropped to 342 jobs, or 83%, of its total commitment, where it currently stands. It is now actively negotiating to purchase a site in Queens and build a new plant. When the plant is built, the company plans to restore jobs lost. The New York City Economic Development Corporation has extended the company's contract while it negotiates to acquire the Queens site. If it is successful in building a plant in Queens, employment levels are expected to rise to satisfy the job commitment. The City continues to work with this company and has requested the allocation remain as it is with a close watch of the company's progress.

Recommendation: Staff recommends that the Trustees take no action at this time.

"OCCIDENTAL CHEMICAL CORPORATION, Niagara Falls, Niagara County

Allocation: 16,000 kW of Replacement Power and 1,232 jobs

Background: Occidental Chemical Corporation is a leading producer of commodity chemicals and plastics, a major employer in the Niagara area, and an original recipient of Niagara Project hydropower. In 1997, the company's employment rate averaged 848 jobs/month, or 69% of its total employment commitment. Occidental fell below its commitment of 1,232 jobs on its Replacement Power contract for Western New York facilities when it closed its Durez Plant. Occidental's power allocation was reduced in 1996. While the jobs associated with this

Replacement Power contract continue to fall short of the commitment, the company is expanding into the specialty chemical products business from this Western New York plant. Success in the specialty chemical markets will

result in increased employment levels. As of the end of 1998, Occidental had already added about 50-60 net new positions and is in the process of making a $200 million investment in its specialty chemicals business. Staff believes that the plan submitted by Occidental may well lead to increased employment. Occidental will be encouraged to bring job levels into compliance at the earliest time, or face a permanent reduction in its hydropower allocation. Staff will review Occidental's progress and report back by the end of July 1999.

Recommendation: Staff recommends that the Trustees take no action at this time, and that company progress is closely monitored.

"RUCO POLYMER, Hicksville/Nassau County

Allocation: 750 kW of Economic Development Power and 108 jobs

Background: Ruco Polymer is a manufacturer of polyester and polyester-based products. In 1997 the company saw a downturn in its business. As a result, its job numbers for 1997 have hovered around an average of 96 employees a month, or 89%, of its commitment. This is only one job below the commitment level.

Recommendation: Staff recommends that the Trustees take no action at this time.

"SGL CARBON CORPORATION, Niagara Falls, Niagara County

Allocation: 3,200 kW of Expansion Power and 188 jobs

Background: SGL Carbon Corporation manufactures carbon and graphite products. As a pre 1989 vintage customer, the company is required to maintain 80% of its baseline employment of 188 jobs. The company nearly went out of business in 1996 and its job level dropped to 118 or 63%. In 1997, the job level rose slightly to 137 or 73%. Since 1996, however, the company is under new ownership that has poured investment dollars back into the facility. The new company completed a large expansion at the site during the past year. Previously, the Authority approved a plan for SGL to keep its allocation if it maintains an agreed upon schedule to add jobs at the facility to meet its minimum commitment of 150 jobs (80% of 188). The company is making satisfactory progress on that plan and is now within 5 jobs of the commitment.

Recommendation: Staff recommends that the Trustees take no action at this time.

"STEUBEN FOODS CORPORATION, Alma, Erie County

Allocation: 5,000 kW of Expansion Power and 500 jobs

Background: Steuben Foods is a leading developer and processor of milk-based aseptic beverages and desserts in the United States. In 1996 Steuben lost a major customer and maintained a monthly employment rate of 431 jobs, or 86% of its total commitment. In 1997, that customer loss was more fully reflected as average employment dipped to 384 jobs or 77% of the commitment. Steuben has launched a major sales effort to find customers to replace lost sales volume. Steuben has landed a contract with Jell-O brand puddings and commenced production. It also began production of a line of soy beverages for the world's largest soymilk marketer. The company is continuing to make capital investments at the Alma plant and recently just completed construction of a 60,000 square foot, $2 million warehouse. The company has also entered the fast-growing organic food products market and aseptic technology, which enables it to distribute New York State milk throughout the U.S. It anticipates steady growth in 1999 with the new product line additions and the warehouse expansion. Staff believes Steuben should be afforded more time to rebound from the earlier business loss before a permanent power reduction is considered.

January 26, 1999

Recommendation: Staff recommends that the Trustees take no action at this time.

"SYRACUSE CHINA COMPANY, Syracuse, Onondaga County

Allocation: 2,000 kW of Economic Development Power and 500 jobs

Background: Syracuse China Company manufactures fine china. While the company's base job level is below commitment, 444 jobs or 89%, its employment level has steadily increased at an average rate of 5% since 1996. The company added 44 new jobs in 1997. The company expects the trend to continue and has budgeted for higher levels of employment in the future.

Recommendation: Staff recommends that the Trustees take no action at this time.

"THE FOUNTAINHEAD GROUP, INC., New York Mills, Oneida County

Allocation: 500 kW of Economic Development Power and 122 jobs

Background: The Fountainhead Group, Inc., manufactures hand pump sprayers. The company experienced a decrease in one of its customer contracts in 1996, resulting in lower production and employment levels spilling over into 1997. The company reports that it currently employs 87, which is 71% of its commitment of 122 jobs. Staff believes that with a little more time, the company's expansion plans will boost production and job levels in the near future.

Recommendation: Staff recommends that Trustees take no action at this time.

"TRICO PRODUCTS CORPORATION, Buffalo, Erie County

Allocation: 250 kW of Expansion Power and 350 jobs

Background: Trico Products Corp., is a manufacturer of windshield wipers. In 1997, Trico's monthly employment average dropped to 274 jobs or 78% of its commitment, where it currently stands. The power allocation to Trico is already at the minimum allocation amount for Expansion Power. Empire State Development Corporation ('ESDC') has offered Trico support to help the company stay in business and remain competitive. In June 1998, the ESD awarded Trico a package of state incentives valued at $750,000, including grants to be used towards facility renovation and acquisitions and job retention and creation. One grant is supporting the creation of 30 new jobs within the next three years.

Recommendation: Staff recommends that the Trustees take no action at this time.

"WESTWOOD SQUIBB PHARMACEUTICALS, INC., Buffalo, Erie County

Allocation: 500 kW of Replacement Power and 705 jobs

Background: Westwood Squibb is a pharmaceutical company engaged in R&D and production of dermatologicals. In 1997, Westwood Squibb maintained an average monthly employment rate of 568 jobs or 81% of its total employment commitment. Westwood Squibb announced closing of its Buffalo plant in August 1996 which drove employment levels down in the early part of 1997. The company, however, aborted plans for the closing and instead experienced substantial volume increase and increased substantially the total number of employees at the plant to over 600, meeting the minimum requirement at the 90% level.

Recommendation: Staff recommends that the Trustees take no action.

January 26, 1999

"WORLD CLASS FILM, Yonkers, Westchester County

Allocation: 1,900 kW of Economic Development Power and 130 jobs

Background: World Class Film makes polyethylene film rolls, sheeting and bags. The company's 1997 job level dropped to 86 positions or 66% of its commitment level. The company reports the addition of 20 employees in 1998 and has plans to add 10 more in 1999. This would bring them to within one job of their 90% threshold level.

Recommendation: Staff recommends that the Trustees take no action at this time.

III. Allocations to Continue With Job Commitment Changes for Productivity Improvements

"AMERICAN AXLE AND MANUFACTURING, INC., Buffalo, Erie County

Allocation: 2,700 kW of Expansion Power and 1,766 jobs
3,200 kW of Replacement Power and 1,766 jobs

Background: American Axle and Manufacturing, Inc. with two power allocations is a major manufacturer of drive axles, steering gears and linkage for several major auto manufacturers, including General Motors. At 654 jobs/MW of its Expansion Power contract and 552 jobs/MW on the Replacement Power contract, American Axle is a high jobs/MW customer. The company's average employment in 1997 was 1,768 or 100% of their job commitment. The company has requested reductions of its job commitments on both Expansion Power and Replacement Power allocations from 1,766 jobs to 1,720 jobs due to productivity improvements. The company has spent $7.2 million on improvements. The Authority has visited the plant, reviewed the processes and documentation and concurs that the customer has met the criteria for a job commitment reduction as specified in the contract.

Recommendation: Staff recommends that the Trustees reduce American Axle's employee commitment on its Expansion and Replacement Power allocations by 46 jobs adjusting the job commitment level from 1,766 jobs to 1,720 jobs on each contract.

"FORD MOTOR COMPANY, Buffalo, Erie County
(Buffalo Stamping Plant)

Allocation: Total of 7,200 kW
4,300 kW of Expansion Power and 2,104 jobs
2,900 kW of Expansion Power and 2,104 jobs

Background: The Ford Stamping Plant is one of two plants that manufacture hoods, side and rear panels, and roofs and trunk decks for all Ford's assembly plants. The company has average employment in 1997 of 2,105 or 100% of their job commitment. A high jobs/MW customer, Ford averages 515 jobs/MW on one Expansion Power contract and 764 jobs/MW on the other. The company has requested an employment commitment reduction of 30 jobs for each contract due to productivity improvements. The company has spent $5.5 million on equipment and facility improvements. The Authority has reviewed the documentation and concurs that the customer has met the criteria for a job commitment reduction as specified in the contract.

Recommendation: Staff recommends that the Trustees reduce Ford Motor's employee commitment by 30 jobs, from 2,104 to 2,074, on both Expansion Power contracts.

January 26, 1999

"GENERAL MOTORS CORPORATION, Lockport, Niagara County
(Delphi/Harrison Radiator)

Allocation: 14,300 kW of Expansion Power and 6,517 jobs

Background: General Motors Corporation (Delphi/Harrison Radiator) makes heat exchanger equipment for the auto, construction and military industries. The company had average employment in 1997 of 6,520 jobs or 100% of their job commitment. The company has a 456 jobs/MW ratio. GM has requested a reduction of 101 jobs from (6,516 to 6,415) due to productivity improvements. The company has spent $1,313,500 over the last two years on various equipment improvements and upgrades in various building throughout its facility. Staff visited the plant, reviewed the processes and documentation with personnel and concurs that GM has met the criteria for a job commitment reduction as stipulated in the contract.

Recommendation: Staff recommends that the Trustees reduce GM-Delphi's employee commitment from 6,516 to 6,415 jobs.

RECOMMENDATION

"The Manager - Business Power Allocations and Compliance and the Director - Business Marketing and Economic Development recommend that the Trustees approve reductions in power allocations and job commitments for three companies as outlined in this item; that the Trustees defer action with regard to the other 18 companies specifically addressed in this item; and that the Trustees approve a lowering of the job commitment levels for three companies due to productivity improvements as outlined in this item. In addition, it is recommended that the Trustees authorize the Manager – Business Power Allocations and Compliance to provide written notice to those companies whose power allocations and/or job commitments are being reduced.

"The Senior Vice President - Marketing and Economic Development, the Executive Vice President, Secretary and General Counsel, the Executive Vice President – Power Operations, and I concur in the recommendation."

The attached resolution, as recommended by the President, was unanimously adopted.

RESOLVED, That the Authority hereby approves the reduction of power allocations and job commitments to two companies; defers action with respect to the 19 other companies identified in the report; and reduces job commitments to three companies for productivity improvements; and be it further

RESOLVED, That the Manager-Business Power Allocations and Compliance hereby is authorized to provide written notice to these companies whose allocations and job commitments are being reduced.

Exhibit '12-A'
January 26, 1999

I. ALLOCATIONS AND JOB COMMITMENTS TO BE REDUCED

Company	Date of Trustee Approval	Type of Power	Allocation kW	Employment Commitment (# of jobs)	Average 1997 Jobs	Average Annual %	Revised Allocation KW	Revised Jobs
Brenner Paper Products Co.	Sep 1990	EDP	700	165	141	85%	600	140
LeRoy Industries	June 1992	EDP	1,300	312	212	68%	900	212

II. ALLOCATIONS TO CONTINUE WITH NO CHANGE

Company	Date of Trustee Approval	Type of Power	Allocation kW	Employment Commitment (# of jobs)	Average 1997 Jobs	Average Annual % Achieved
Buffalo Specialty Products	Aug 1989	EP	900	90	76	89%
Buffalo Newspress Inc.	Jan 1994	EP	250	200	157	79%
Burton Industries Inc.	July 1994	EDP	900	51	45	88%
Confer Plastics	Apr 1994	RP	300	91	70	77%
Coyne Textile Services	Mar 1995	EDP	350	93	79	85%
Freezer Queen Foods, Inc.	Apr 1994	RP	580	508	355	70%
Habasit Globe	July 1986	RP	250	207	180	84%
Habasit Globe	Apr 1991	RP	250	215	180	87%
Lipe-Rollway Corporation	Aug 1993	EDP	1,000	280	234	84%
Markin Tubing, Div. M&R	May 1993	EDP	1,200	145	125	86%
National Envelope Corporation	Mar 1990	EDP	1,350	413	342	83%
Occidental Chemical Corp.	Apr 1988	RP	16,000	1,232	848	69%
Ruco Polymer	Jan 1992	EDP	750	108	96	89%
SGL Carbon Corporation	Dec 1988	EP	3,200	188	137	73%
Steuben Foods Corporation	Aug 1989	EP	5,000	500	384	77%
Syracuse China Company	July 1994	EDP	2,000	500	444	89%
The Fountianhead Group, Inc.	Dec 1993	EDP	500	122	87	71%
Trico Products Corporation	Aug 1991	EP	250	350	274	78%
Westwood Squibb Pharmaceuticals Inc.	Apr 1991	RP	500	705	568	81%
World Class Film	Apr 1994	EDP	1,900	130	86	66%

III. ALLOCATIONS TO CONTINUE WITH JOB COMMITMENT CHANGES FOR PRODUCTIVITY IMPROVEMENTS

Company	Date of Trustee Approval	Type of Power	Allocation kW	Employment Commitment (# of jobs)	Average 1997 Jobs	Average Annual % Achieved	Revised Jobs
American Axle and Manufacturing Inc.	Feb 1993	EP	2,700	1,766	1,768	100%	1,720
American Axle and Manufacturing Inc.	Apr 1994	RP	3,200	1,766	1,766	100%	1,720
Ford Motor Company	Feb 1993	EP	2,900	2,104	2,105	100%	2,074
Ford Motor Company	Dec 1994	EP	4,300	2,104	2,103	100%	2,074
General Motors (Delphi/Harrison)	Dec 1988	EP	14,300	6,517	6,520	100%	6,415

Closing

‘Upon motion made and seconded, the meeting was closed at 12:20 p.m.’

David E. Blabey
Executive Vice President, Secretary and
General Counsel

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