

**MINUTES OF THE SPECIAL MEETING
OF THE
POWER AUTHORITY OF THE STATE OF NEW YORK**

August 8, 2000

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Minutes of the Special Meeting of the Power Authority of the State of New York held at 10:30 a.m.,
Tuesday, August 8, 2000, at the Signature Flight Support, Albany International Airport, Albany, NY 12211.

Present:

Clarence D. Rappleyea, Chairman
Gerard DiMarco, Trustee
Frank McCullough, Trustee
Hyman M. Miller, Trustee

Trustee Ciminelli was excused from attendance.

David E. Blabey -	Executive Vice President, Secretary and General Counsel
Robert A. Hiney	Executive Vice President - Project Operations
Vincent C. Vesce	Executive Vice President - Corporate Services and Human Resources
Michael H. Urbach	Senior Vice President and Chief Financial Officer
Daniel Berical	Vice President - Policy & Governmental Affairs
Russell Krauss	Vice President and Chief Information Officer
Michael Petralia	Vice President - Public Affairs
Carmine J. Clemente	Deputy General Counsel
Gary Paslow	Executive Deputy Policy Development
Gerard V. Loughran	Principal Attorney
Barbara Vahue	Assistant Secretary & Secretary to the Executive Committee
Anne Wagner-Findeisen	Deputy Secretary

Mr. Blabey kept the minutes.

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1. Trustees' Waiver of Notice of Meeting

"Each Trustee present waived the three-day advance notice of the time, place and purpose of this special meeting as permitted by Article III of the By-laws."

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2. New York State and Local Employees' Retirement System – Retirement Incentive

The Executive Vice President - Corporate Support And Human Resources submitted the following report:

SUMMARY

"The Trustees are requested to authorize the Authority's participation in the 2000 targeted Retirement Incentive Program for the benefit of certain eligible employees as set forth below.

BACKGROUND

"On June 23, 2000 the Governor approved Chapter 86 of the laws of 2000, legislation authorizing certain public employers to elect to offer a retirement incentive program for their eligible employees. The incentive would provide employees eligible to retire under this incentive with one month (1/12 of a year) of additional retirement credit for each year of pension service credited as of the date of retirement, up to a maximum of three years of retirement service credit.

"Chapter 86 provides that a resolution establishing a retirement incentive program be adopted by a participating employer in the New York State and Local Employees' Retirement System prior to September 1, 2000, and specify the commencement date of the program and the length of the open period. The open period must be a period of not more than 90 nor less than 30 days beginning on the commencement date and ending no later than December 31, 2000.

"Depending on the retirement plan of an employee made eligible to receive the incentive, its cost will range between 50% and 75% of the employee's final average salary. Such costs can be paid over a period of five years.

DISCUSSION

"The Authority's Trustees should offer the incentive to certain eligible employees by adopting a resolution establishing a 90-day open period commencing August 9, 2000. The immediate start date for the open period is necessary in order to maximize the time available for the Authority's eligible, targeted nuclear employees to consider whether they wish to participate in the program.

"While the Authority is under no obligation to offer the incentive, if it elects to offer it, the Authority can limit its availability to eligible titles and to a specified number of employees in such titles. This method is referred to as "targeting" the incentive. Under the "targeting" method, the Authority's Chairman and/or President would determine the job titles and number of positions in such titles, identified by department or work location, for which the incentive would be offered; provided any position abolished as a result of an individual retiring would not:

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- Directly reduce the service level mandated to protect or care for clients or to assure the public health or safety;
- Endanger remaining employees;
- Clearly cause a loss of revenue; or
- Result in a substantial increase in overtime or contractual costs.

"As applicable to the Authority, the incentive program unless specified to be "targeted" would be available to any employee who: (1) was in the active service of the Authority on February 1, 2000; (2) has been continuously in the Authority's active service from February 1, 2000 to the first date the incentive is made available by the Authority; (3) is otherwise eligible for service retirement or is at least 50 years old with at least ten years of credited service; (4) provides written notice to the Authority on or before the twenty-first day preceding the end of the open period; and (5) files an application for service retirement that is effective during the "open period".

"The position held by an eligible employee who opts for the retirement incentive need not be abolished if the Authority can demonstrate that it will attain savings such that the total amount of base salary paid for the two-year period subsequent to retirement will be no more than 50% of the total amount of base salary that would have been paid to the retiring individual. A plan to achieve the required savings must be devised and made available to the Retirement System upon request.

"For titles targeted for the incentive, should more employees in a title choose the incentive than the number of positions targeted, seniority would determine which employees would be made eligible for the incentive.

"The Authority solicited and received Entergy executives' concurrence in making the retirement incentive available on a targeted basis to employees working in nuclear generation. Since the projected closing date for the sale of the Authority's nuclear plants to Entergy is slated for early September, the amount of time within which nuclear personnel will have to make a decision to participate in the incentive is limited. However, since the time that the incentive became law in late June, the Authority has notified employees that the Authority executives are seriously considering making the incentive available. Thus, employees who may be eligible have had an opportunity to consider whether they might want to opt for the incentive if the Authority offered it.

"A total of 918 employees (577 salaried and 341 hourly) meet the eligible employee criteria set forth in the law establishing the retirement incentive. A targeted program would reduce substantially the number of eligible employees who will be able to opt for the incentive.

"Since 1985, there have been eight retirement incentive programs enacted into law. The Authority opted to offer the retirement incentive to its employees on two occasions, in 1985 and again in 1991. While it is difficult to compare employee participation rates from one incentive to the next because there are so many variables, e.g., age of employee, years of service at the time the incentive is offered, Tier status, the percentage of eligible employees that opted for the incentive in 1985 and 1991 provides some perspective. An average of 36% of eligible employees took advantage of the incentive in the two years that it was offered at the Authority.

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"Adoption of a targeted program appears to be the most practical approach to manage retirement costs and

retirements and to ensure no adverse impacts on operations. Further, the retirement of eligible employees may open many new career development opportunities for current employees that might not otherwise happen due to relatively low workforce turnover. In addition, adoption of the retirement incentive program will confer on certain long-term employees, who have rendered valuable service to the Authority and are eligible for the incentive, the opportunity to receive a well-deserved pension enhancement.

FISCAL INFORMATION

"It is anticipated, based on preliminary calculations, that if the Authority adopts the incentive, the estimated cost of the program will be between \$6 million and \$7 million. This range is based on the projected number of employees in eligible titles who may be made eligible for the incentive. Since replacement employees, if any, will tend toward the lower end of the salary structure, it is possible that a significant portion of the costs associated with the incentive program may be offset. The actuarial present value of the additional benefits would be funded over a five-year period commencing in the State's fiscal year that begins in April 2001.

RECOMMENDATION

"The Executive Vice-President –Corporate Services and Human Resources recommends that the Authority participate in the 2000 New York State and Local Employees' Retirement Incentive Program.

"The Executive Vice-President – Project Operations, the Senior Vice-President Nuclear Generation – Chief Nuclear Officer, the Senior Vice-President – Chief Financial Officer, the Executive Vice-President, Secretary and General Counsel, and I concur in the recommendation."

The attached resolution, as recommended by the Executive Vice President - Corporate Support and Human Resources, was unanimously adopted

At Mr. Blabey's request, Mr. Loughran summarized the provisions of Chapter 86 of the Laws of 2000, and explained the eligibility criteria as well as the statutory requirements involved in offering the retirement incentive to Authority employees. Mr. Knubel then explained the potential effect of offering the program to nuclear employees. Mr. Vesce made a similar analysis of the potential effect on the Authority's non-nuclear operations, provided an estimated program cost of \$6 – 7 million, and stated that such cost is likely to be reduced since Entergy has agreed to bear half of the costs related to any Nuclear Generation employees who might opt for the incentive. In response to questions from Trustee McCullough, Mr. Loughran explained that the Authority is not required to participate in the program and that no individual employee can be or will be forced to apply for the incentive.

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Mr. Loughran added that the Trustees are being requested to approve offering the Retirement Incentive Option and to authorize the Chairman and the President to take the necessary steps to implement the option. Mr.

Vesce and Mr. Knubel both underscored that the continued safe operations of NYPA facilities is the overriding factor in determining which positions would be eligible to apply for the incentive.

Trustee Miller asked whether the Chairman and President would have discretion to deviate from the statutory criteria; Mr. Loughran responded in the negative, explaining that the statutory requirements cannot be altered. Mr. Blabey added that the legislation sets forth a number of conditions regarding the duration of any “open period”.

RESOLVED, That consistent with the provisions of the attached memorandum, the Trustees of the Power Authority of the State of New York do hereby elect to provide the benefits of Chapter 86 of the Laws of 2000 commencing on August 9, 2000 to all eligible employees in such titles and in such numbers as may be targeted and deemed reasonable in the discretion of the Chairman and Chief Executive Officer and/or the President and Chief Operating Officer, where such employees retire with an effective date of retirement set during the 90-day period beginning with and immediately following the commencement date and who are otherwise eligible as specified by Chapter 86; and be it further

RESOLVED, That the Chairman and Chief Executive Officer and/or the President and Chief Operating Officer, be, and hereby are, authorized to take all measures necessary or convenient to effectuate and implement the foregoing report.

3. Resolution - Jack M. Collyer

Chairman Rappleyea stated that he is honored to offer a resolution honoring the individual who oversaw the development of the Blenheim-Gilboa Project.

WHEREAS, Jack M. Collyer served the New York Power Authority with dedication and distinction for 26 years, including 15 years as the first resident manager of the Blenheim-Gilboa Pumped Storage Power Project; and

WHEREAS, Mr. Collyer belongs to the extraordinary group of Power Authority figures whose careers spanned the period from the Authority's earliest days as an operating entity to its emergence as a major statewide utility; and

WHEREAS, he joined the Power Authority staff in 1958 as chief of general maintenance at the St. Lawrence-FDR Project, in the first year of operation of NYPA's first generating facility; and

WHEREAS, he was promoted to resident manager at the Blenheim-Gilboa Pumped Storage Power Project in 1969, presiding over construction of the project, startup and placing into inter-commercial service, and then its operation until his retirement in 1984; and

WHEREAS, his leadership established the foundation for Blenheim-Gilboa's current role as a mainstay of the New York State power system; and

WHEREAS, Mr. Collyer, a Canadian by birth, came to the Pacific Northwest as a young boy, earned his engineering degree at the University of Washington and served in the U.S. Army Corps of Engineers during World War II; and

WHEREAS, he brought to the Power Authority impressive credentials that included work in designing a communications center in Eritrea, East Africa, as a construction engineer on the Grand Coulee Dam and as administrative officer for the federal Bureau of Reclamation's Columbia Basin District; and

WHEREAS, Mr. Collyer died on June 14, 2000, in Tulsa, Okla., at the age of 84;

BE IT THEREFORE RESOLVED, That the Trustees of the Power Authority of the State of New York extend their sincere condolences to his wife, his daughter and son-in-law and the other members of his family and express their deep appreciation for his years of service to the Power Authority and to the people of New York.

Dated: August 8, 2000

By Order of the Trustees

Clarence D. Rappleyea, Chairman

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4. Next Meeting

The regular meeting of the Trustees will be held on **Tuesday, September 26, 2000, at the Albany Office, NY at 11:00 a.m.**, unless otherwise designated by the Chairman with the concurrence of the Trustees.

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Closing

Upon motion made and seconded, the meeting closed at 11:15 a.m.

David E. Blabey
Executive Vice President
Secretary and General Counsel

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