

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

April 26, 2005

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

Present: Louis P. Ciminelli, Chairman
Frank S. McCullough, Jr., Vice Chairman
Timothy S. Carey, Trustee
Joseph J. Seymour, Trustee
Michael J. Townsend, Trustee

Eugene W. Zeltmann	President and Chief Executive Officer
David E. Blabey	Executive Vice President, Secretary and General Counsel
Robert A. Hiney	Executive Vice President – Power Generation
Joseph Del Sindaco	Senior Vice President and Chief Financial Officer
Angelo S. Esposito	Senior Vice President – Energy Services and Technology
Edward Hubert	Senior Vice President – Transmission
Louise M. Morman	Senior Vice President – Marketing, Economic Development and Supply Planning
Brian Vattimo	Senior Vice President – Public and Governmental Affairs
William Ernsthaf	Assistant General Counsel – Finance and Risk Management / Ethics and Regulatory Compliance
Thomas P. Antenucci	Vice President – Project Management
Arnold M. Bellis	Vice President – Controller
John M. Hoff	Vice President – Procurement and Real Estate
Charles I. Lipsky	Vice President and Chief Engineer
Donald A. Russak	Vice President – Finance
James H. Yates	Vice President – Major Accounts Marketing and Economic Development
Michael E. Brady	Treasurer
Brian C. McElroy	Deputy Treasurer
Dennis T. Eccleston	Chief Information Officer
Angela D. Graves	Deputy Secretary
John J. Suloway	Executive Director – Licensing, Implementation and Compliance
Jordan Brandeis	Director – Supply Planning, Pricing and Power Contracts
John L. Murphy	Director – Public Relations
James F. Pasquale	Director – Business Power Allocations, Regulation and Billing
Joan Tursi	Director – Budgets
Daniel Wiese	Director – Corporate Security/Inspector General
Anthony C. Savino	Manager – Business Power Allocations and Compliance
Mary Jean Frank	Associate Secretary
Lorna M. Johnson	Assistant Secretary
Bonnie Fahey	Executive Administrative Assistant
Joann M. Duffy	Strategic Change Consultant
John Cashin	Executive Administrator, Battery Park City Authority
Kent Gardiner	Director, Economic Analysis Center for Governmental Rochester

Chairman Ciminelli 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 of March 29, 2005 were unanimously adopted.

2. **Financial Report for the Three Months Ended March 31, 2005**

Mr. Bellis presented an overview of the Financial Reports for the three months ended March 31, 2005.

3. Report from the President and Chief Executive Officer

President Zeltmann asked Mr. Antenucci to present a report on the progress of the 500 MW combined cycle power project. Mr. Antenucci said that Slattery Skanska, Inc. ("SSI"), the general work contractor, is 87.6% complete with its work. The overall project is 88.6% complete. Staff believes SSI is proceeding at an appropriate rate and that it will achieve substantial completion by October 15, 2005. Mr. Antenucci also noted that SSI will meet two major milestones this month: (1) the air-cooled condenser (April 29th) and (2) pressure testing of the heat-recovery steam generators (April 30th, but completed a week early). Mr. Antenucci cited the terrific spirit of cooperation at the project and attributed some of that to Authority senior management's presence at the site, with President Zeltmann and Mr. Hiney walking through the project each week.

Next, President Zeltmann asked Mr. Suloway to report on the status of implementation and compliance with the provisions of the new Federal Energy Regulatory Commission license for the St. Lawrence-FDR Power Project. Mr. Suloway said that expenditures to date are within budget and that \$66.7 million of the \$80.2 million spent so far has been on settlement payments, with local recreation facilities accounting for \$3.5 million, State parks \$2.7 million and environmental projects and support \$1.1 million.

Four of the recreational facilities are nearing completion and work on six more will begin in May; another two are to begin in 2006. The Authority is in the first year of a proposed five-year improvement program for two State parks. Environmental projects under way include the Wilson Hill Wildlife Management Area, an eel ladder, osprey platforms, tern nesting enhancements and grassland bird nesting improvements.

In response to questions from Trustee Carey, Mr. Suloway said that there were no problems with the implementation program and that matters are moving along well. He also noted that plans for the St. Lawrence Aquarium and Discovery Center have been changed by the sponsors to a smaller Discovery Center. Mr. Vattimo added that while the Authority is in the process of reviewing the new proposal, it does not reflect our funding agreement with the group.

Finally, President Zeltmann asked Dr. Kent Gardner, Director of Economic Analysis at the Center for Governmental Research, to present an overview of the Authority's 2005 Strategic Planning Conference. Dr. Gardner said that the most significant topic of this year's conference was the sea change that has occurred in the Authority's relationship with its New York City governmental customers as a result of our new Southeastern New York service agreement.

Dr. Gardner said that Gary Paslow made a presentation at the conference on the implications for the Authority of the recommendations made by the New York State Commission on Public Authority Reform. He said the Authority had already been in compliance with most of the recommendations made by the Governor's Public Authority Governance Advisory Committee.

Linda Stuntz, of Stuntz, Davis, and Staffier, presented an update on the political context in Washington, including the possible effects of President Bush's reelection and the substantial changes in the energy marketplace.

In-depth discussions were also held at the Strategic Planning Conference on the Authority's long-range financial plan. And since succession planning is such a priority for the Authority, a number of high-potential employees from each Business Unit were invited to participate in the conference and present their points of view. An action item list created as a result of the discussions at the conference will be implemented by specified senior managers and progress discussed at each month's Executive Management Committee meeting.

4. Allocation of 330 kW of Hydro Power

The President and Chief Executive Officer submitted the following report:

SUMMARY

“The Trustees are requested to approve an allocation of available Replacement Power (‘RP’) totaling 330 kW to Graphic Controls, LLC.

BACKGROUND

“Under the RP Settlement Agreement, Niagara Mohawk Power Corporation (‘NiMo’), with the approval of the Authority, identifies and selects certain qualified industrial companies to receive delivery of RP. Qualified companies are current or future industrial customers of NiMo that have or propose to have manufacturing facilities for the receipt of RP within 30 miles of the Authority’s Niagara Switchyard. RP is the 445,000 kW of firm hydro power generated by the Authority at its Niagara Power Project (‘Project’) that has been made available to NiMo pursuant to the Niagara Redevelopment Act.

DISCUSSION

“On October 22, 2003, the Authority, NiMo, Empire State Development Corporation and the Buffalo Niagara Enterprise signed a Memorandum of Understanding (‘MOU’) that outlines the process to coordinate marketing and allocating Authority hydro power. The entities noted above formed the Western New York Advisory Group (‘Advisory Group’) with the intent of better using the value of this resource to improve the economy of Western New York and the State of New York. Nothing in the MOU changes the legal requirements applicable to the allocation of hydro power.

“Based on the Advisory Group’s discussions, staff recommends that the available power be allocated to Graphic Controls, LLC, as set forth in Exhibit ‘4-A.’ The Exhibit shows, among other things, the amount of power requested by the company, the recommended allocation and additional employment and capital investment information. This project, which will help to maintain and diversify the industrial base of Western New York and provide new employment opportunities, is projected to result in the creation of 12 jobs.

“This RP contract will be for a term expiring August 31, 2007, subject to legislation being passed that authorizes extension of the RP program.

RECOMMENDATION

“The Director – Business Power Allocations, Regulation and Billing recommends that the Trustees approve the allocation of 330 kW of hydro power to the company listed in Exhibit ‘4-A.’

“The Executive Vice President, Secretary and General Counsel, the Senior Vice President – Marketing, Economic Development and Supply Planning, the Vice President – Major Accounts – Marketing and Economic Development and I concur in the recommendation.”

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

RESOLVED, That the allocation of 330 kW of Replacement Power as detailed in Exhibit “4-A,” be, and hereby is, approved on the terms set forth in the foregoing report of the President and Chief Executive Officer; and be it further

April 26, 2005

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

5. 2004 Annual Report of Procurement Contracts and Annual Review of Open Procurement Service Contracts

The President and Chief Executive Officer submitted the following report:

SUMMARY

“The Trustees are requested to approve the 2004 Annual Report of Procurement Contracts (‘Annual Report’) (Exhibit ‘5-A3’) and the Guidelines for Procurement Contracts (‘Guidelines’) (Exhibit ‘5-A2’) and to review open service contracts exceeding one year that were active in 2004 as detailed in the Annual Report (Exhibit ‘5-A3’). An Executive Summary is set forth in Exhibit ‘5-A1.’

BACKGROUND

“Section 2879 of the Public Authorities Law (‘PAL’) governs the administration and award of procurement contracts equal to or greater than \$5,000. Section 2879 of the PAL requires public authorities to adopt comprehensive guidelines detailing their operative policy and instructions concerning the use, awarding, monitoring and reporting of procurement contracts. The Authority’s current Guidelines were approved by the Trustees at their meeting of October 31, 1989 and were implemented as of January 1, 1990.

“Section 2879 of the PAL also requires authorities to review and approve such guidelines annually and to file a report regarding procurement contracts with the Division of the Budget, the Department of Audit and Control, the Department of Economic Development, the Senate Finance Committee and the Assembly Ways and Means Committee. The annual report must include a copy of the Authority’s current Guidelines, details concerning any changes to the Guidelines during the year and particular information concerning procurement contracts. For each procurement contract included in the report, the following information must be identified:

[A] listing of all procurement contracts entered into [by the Authority], all contracts entered into with New York State business enterprises and the subject matter and value thereof, all contracts entered into with foreign business enterprises, and the subject matter and value thereof, the selection process used to select such contractors, all procurement contracts which were exempt from the publication requirements of article four-C of the economic development law, the basis for any such exemption and the status of existing procurement contracts.

“Lastly, Section 2879 of the PAL requires an annual review by the Trustees of open service contracts exceeding one year. Those long-term service contracts exceeding one year and awarded after January 1, 1990 are also included in the Annual Report.

DISCUSSION

“The 2004 Annual Report is attached for the Trustees’ review and approval (Exhibit ‘5-A3’). The Annual Report reflects activity for all procurement contracts equal to or greater than \$5,000, as identified by the Authority’s SAP computer system, that were open, closed or awarded in 2004, including contracts awarded in 1990 through 2004 that were completed in 2004 or were extended into 2005 and beyond. All additional information required by the statute is also included. The Trustees are requested to approve the attached Annual Report pursuant to Section 2879 of the PAL prior to submittal thereof to the Division of the Budget, the Department of Audit and Control, the Department of Economic Development, the Senate Finance Committee and the Assembly Ways and Means Committee.

“A copy of the Guidelines effective April 26, 2005 (Exhibit ‘5-A2’), is attached to the Annual Report. These Guidelines are substantially the same as the version approved last year, with one substantive revision.

“In response to New York State Tax Law Section 5-a (as set forth in Appendix ‘2’) effective January 1, 2005, which requires each individual, partnership or corporation awarded a contract valued in excess of \$15,000 to

certify in writing that it (as well as its affiliates, subcontractors and subcontractors' affiliates) has either registered with the New York State Department of Taxation and Finance to collect sales tax or that it is not required to register under the statute, the Authority has adopted Appendix 'H.' The Guidelines have been amended as follows:

Page 11, Section 7 'Contract Provisions,' Paragraph B Listing of 'Contract Attachments' insert

9. 'Appendix 'H' (Tax Law Requirements)'

"The Guidelines generally describe the Authority's process for soliciting proposals and awarding contracts. Topics detailed in the Guidelines include solicitation requirements, evaluation criteria, contract award process, contract provisions, change orders, Minority/Women Business Enterprise ('M/WBE') requirements, employment of former officers and reporting requirements. The Guidelines have been designed to be self-explanatory.

RECOMMENDATION

"The Vice President – Procurement and Real Estate recommends that the Trustees approve the 2004 Annual Report of Procurement Contracts, the Guidelines for Procurement Contracts, and the review of open service contracts as attached hereto in Exhibits '5-A 1' through '5-A3."

"The Executive Vice President – Power Generation, the Executive Vice President, Secretary and General Counsel, the Executive Vice President – Corporate Services and Administration, the Senior Vice President – Chief Financial Officer and I concur in the recommendation."

Mr. Hoff presented the highlights of staff's recommendations to the Trustees, recognizing Ms. Gil for the excellent job she had done in compiling the report. In response to questions from Chairman Ciminelli, Mr. Hoff said that the \$25 million in 2004 contracts with minority- and women-owned business enterprises ("M/WBEs") represented 9% of the Authority's reportable expenditures on contracts and that the Authority's M/WBE goal for 2005 is 6% of its reportable contracts, largely because of the expected completion of the 500 MW project. President Zeltmann said that an attendee at Staten Island's annual economic development conference just that morning had praised the Authority's M/WBE outreach program, and in particular the efforts of Deborah White. Mr. Hoff said that the Authority sees its role as being a facilitator to help expanded M/WBE opportunities with other State entities, as well as private companies.

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

RESOLVED, That pursuant to Section 2879 of the Public Authorities Law and the Authority's Procurement Guidelines, the Annual Report of Procurement Contracts, as listed in Exhibit "5-A3," and the Guidelines for the use, awarding, monitoring and reporting of Procurement Contracts (Exhibit "5-A2") as amended below, be, and hereby are, approved as follows:

Page 11, Section 7 "Contract Provisions," Paragraph B Listing of "Contract Attachments" insert

9. “Appendix “H” (Tax Law Requirements)”

AND BE IT FURTHER RESOLVED, That the open service contracts exceeding one year be, and hereby are, reviewed; and be it further

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

6. Election of Authority Non-Statutory Officers

The Office of the Secretary submitted the following report:

SUMMARY

“The Trustees are requested to consider the election of certain non-statutory officers of the Authority.

BACKGROUND AND DISCUSSION

“Article IV, Section 2 of the Authority’s By-Laws provides for the election of certain non-statutory officers by the Trustees. Section 3 of the same Article provides that such non-statutory officers shall hold office for a term expiring at the next annual Trustees’ meeting, or until their successors are elected.

RECOMMENDATION

“The following non-statutory officers provided for in Article IV of the By-Laws, adopted December 18, 1984, and last amended on April 30, 2002, be elected by the Trustees to hold office for terms expiring at the next annual meeting of the Trustees in April 2006, or until their successors are elected:

Eugene W. Zeltmann	President and Chief Executive Officer
David E. Blabey	Executive Vice President, Secretary and General Counsel
Robert A. Hiney	Executive Vice President – Power Generation
Vincent C. Vesce	Executive Vice President – Corporate Services and Administration.”

The following resolution, as submitted by the Office of the Secretary, was unanimously adopted as amended.

RESOLVED, That the following non-statutory officers of the Power Authority of the State of New York be, and each hereby is, elected pursuant to Section 2 of Article IV of the By-Laws, as adopted on December 18, 1984, and last amended on April 30, 2002, to hold office for terms expiring at the next annual Trustees’ meeting in April 2006, or until their successors are elected:

Eugene W. Zeltmann	President and Chief Executive Officer
David E. Blabey	Executive Vice President, Secretary and General Counsel
Robert A. Hiney	Executive Vice President – Power Generation
Vincent C. Vesce	Executive Vice President – Corporate Services and Administration

7. **Authorization of Increase in Maximum Amount of Series 1 Extendible Municipal Commercial Paper Notes to \$100 Million**

The President and Chief Executive Officer submitted the following report:

SUMMARY

“The Trustees are requested to authorize the increase in the maximum amount of Series 1 Extendible Municipal Commercial Paper (‘EMCP’) Notes that can be issued and be outstanding to \$100 million.

BACKGROUND

“At their meeting on December 17, 2002, the Trustees adopted the Resolution Authorizing Extendible Municipal Commercial Paper Notes (‘EMCP Resolution’), which authorized the issuance of Series 1 EMCP Notes in an amount not to exceed \$50 million. The purposes for which the Series 1 EMCP Notes may be issued are as follows:

- (1) to refund, redeem or defease any Revenue Bond or Subordinate Revenue Bond;
- (2) to refund, redeem or defease any Extendible Municipal Commercial Paper Note;
- (3) to refund or defease any other Authority Commercial Paper (‘CP’) Note;
- (4) to pay for the costs of issuance of the Series 1 Extendible Notes, any other Extendible Municipal Commercial Paper Note, or any CP Note;
- (5) to pay costs of construction of the Small Clean Power Plants;
- (6) to pay costs of construction of the 500 MW Plant;
- (7) to pay any costs of the Authority’s Energy Services programs; and
- (8) for any other purpose authorized by the Trustees.

“To date, \$50 million of the Series 1 EMCP Notes have been issued and \$20 million are currently outstanding.

DISCUSSION

“To fund the additional construction- related costs associated with the 500 MW Plant, which are estimated to be approximately \$90 million, staff has determined that funding of such costs with the issuance of Series 1 EMCP presents the most advantageous financing vehicle. Consequently, the Trustees are requested to increase the maximum amount of Series 1 EMCP that can be issued and be outstanding to \$100 million.

FISCAL INFORMATION

“The total amount of Series 1 EMCP Notes that could be issued and be outstanding would not exceed \$100 million.

RECOMMENDATION

“The Treasurer recommends that the Trustees authorize an increase in the maximum amount of Series 1 Extendible Municipal Commercial Paper Notes that can be issued and be outstanding to \$100 million.

“The Executive Vice President, Secretary and General Counsel, the Senior Vice President and Chief Financial Officer, the Vice President – Finance and I concur in the recommendation.”

Mr. Brady presented the highlights of staff’s recommendations to the Trustees. In response to a question from Vice Chairman McCullough, Mr. Brady said that the \$100 million does not include interest on the 500 MW Project, which is the subject of the next item on the agenda.

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

RESOLVED, That the Trustees adopt the Supplemental Resolution supplementing the Resolution Authorizing Extendible Municipal Commercial Paper Notes, attached hereto as Exhibit "7-A," which authorizes an increase in the maximum amount of Series 1 Extendible Municipal Commercial Paper Notes that may be issued and be outstanding to \$100 million; and be it further

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

POWER AUTHORITY OF THE STATE OF NEW YORK

SUPPLEMENTAL RESOLUTION

AMENDING AND SUPPLEMENTING A RESOLUTION
OF THE AUTHORITY AUTHORIZING EXTENDIBLE MUNICIPAL COMMERCIAL
PAPER NOTES ADOPTED DECEMBER 17, 2002

Adopted on April 26, 2005

SUPPLEMENTAL RESOLUTION

WHEREAS, on December 17, 2002, the Power Authority of the State of New York (the "Authority") adopted a Resolution (the "Resolution") pursuant to the terms of which the Authority authorized the issuance of the Series 1 EMCP Notes in an amount not to exceed \$50,000,000;

WHEREAS, the Authority has determined to increase the aggregate principal amount of the Series 1 EMCP Notes that may be outstanding under the Resolution at any time to \$100,000,000;

WHEREAS, pursuant to Section 602 of the Resolution the Authority may modify or amend the Resolution at any time by a supplemental resolution, without notice to or the consent of any Holder, to increase the aggregate principal amount of the Extendible Municipal Commercial Paper Notes that may be outstanding thereunder at any time;

WHEREAS, the Authority has determined to amend Section 301 of the Resolution to authorize an outstanding principal amount of \$100,000,000 Series 1 EMCP Notes; and

WHEREAS, in order to accomplish the foregoing the Authority has determined to amend the Resolution in the manner herein provided;

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, as supplemented and amended.

(2) "Series 1 EMCP Notes" means the Extendible Municipal Commercial Paper Notes, Series 1 authorized by Section 301 of the Resolution.

ARTICLE II

AMENDMENTS TO RESOLUTION

Section 201. Section 301 of the Resolution is amended and supplemented so that the third sentence of such section reads as follows (strikeout indicates deletion; double underlining indicates new language):

Subject to Section 602, the principal amount of all Series 1 EMCP Notes outstanding at any time shall not exceed ~~\$50,000,000~~ \$100,000,000.

ARTICLE III

MISCELLANEOUS

Section 301. Further Authority. The Chairman, Vice Chairman, President and Chief Executive Officer, Executive Vice President, Secretary and General Counsel, Senior Vice President and Chief Financial Officer, Vice President–Finance, Treasurer, or Deputy Secretary of the Authority, or any Authorized Officer (as defined in the General Resolution) are each hereby authorized to execute such documents and certifications as may be necessary to give effect to this supplemental resolution.

Section 302. Effective Date. This Supplemental Resolution shall be in full force and effect upon its adoption.

**8. Authorization to Fund Interest During Construction
Relating to the 500 MW Combined Cycle Plant**

The President and Chief Executive Officer submitted the following report:

SUMMARY

“The Trustees are requested to authorize the funding of additional interest during construction (‘IDC’) related to the 500 MW Combined Cycle Plant (‘Plant’) in an amount not to exceed \$30 million, by the issuance of Authority debt and the use of other available Authority funds.

BACKGROUND

“A portion of the proceeds of the Authority’s Series 2002 A Revenue Bonds issued to fund the Plant was used to fund IDC for the Plant. The amount of such funding was based on the then- projected commercial operation date.

“With the projected commercial operation date of the Plant delayed until the beginning of 2006, it is necessary to request Trustee authorization for additional funding for IDC of up to \$30 million, through the issuance of Authority debt and the use of approximately \$6 million in income derived to date from investing bond proceeds relating to the Plant.

DISCUSSION

“A portion of the proceeds of the Authority’s Series 2002 A Revenue Bonds issued to fund the Plant was used to fund IDC for the Plant. The amount of such funding was based on the then- projected commercial operation date.

“With the projected commercial operation date of the Plant delayed until the beginning of 2006, it is necessary to request Trustee authorization for additional funding for IDC of up to \$30 million, through the issuance of Authority debt and the use of approximately \$6 million in income derived to date from investing bond proceeds relating to the Plant.

FISCAL INFORMATION

“The additional IDC to be funded will not exceed \$30 million and will be funded with the issuance of Authority debt in the form of Commercial Paper Notes and from additional income as outlined above.

RECOMMENDATION

“The Treasurer recommends that the Trustees authorize the funding of additional IDC related to the Plant of up to \$30 million, through the issuance of Authority Commercial Paper Notes and the use of additional income as outlined above.

“The Executive Vice President, Secretary and General Counsel, the Senior Vice President and Chief Financial Officer, the Vice President – Finance and I concur in the recommendation.”

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

RESOLVED, That the Trustees hereby authorize the funding of additional interest during construction related to the 500 MW Combined Cycle Plant of up to \$30 million and authorize the issuance of the Authority’s Commercial Paper Notes, Series 1, Series 2 or Series 3, and the use of income as discussed in the foregoing

report of the President and Chief Executive Officer, to finance such interest during construction; and be it further

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

9. Procurement (Services) Contract – Blenheim-Gilboa Pumped-Storage Power Project – Federal Energy Regulatory Commission – Approval of Independent Consultant for Inspection and Analysis

The President and Chief Executive Officer submitted the following report:

SUMMARY

“The Trustees are requested to approve the award of a procurement (services) contract to the firm PB Power, Inc. (‘PB Power’) for inspection and consulting services in support of an independent consultant’s inspection, report and potential dam failure -modes analysis for the Blenheim-Gilboa Pumped-Storage Power Project (‘Project’), as mandated by the Federal Energy Regulatory Commission (‘FERC’). The intended term of the contract is five years for a total projected amount of \$200,000.

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 for a period in excess of one year.

DISCUSSION

“FERC regulations require the Authority to hire an independent consultant to perform an independent dam safety inspection and review at licensed projects every five years. FERC sent a letter to the Authority in January 2005 indicating that these reports were due for submittal in 2005. In February 2005, staff solicited bids from 13 consulting and engineering firms recognized for their experience in providing dam safety and inspection services at FERC- licensed projects. Additional bidders were added to the list as a result of the Authority’s notice in the New York State Contract Reporter.

“Bidders were required to submit a detailed proposal in accordance with the request for proposal and scope of work. The four bids received were opened on March 11, 2005. These bids were analyzed and evaluated by a team of staff members from Power Generation’s Engineering Division and the Project.

“PB Power’s proposal is complete, competitive and fully responsive to the scope of work. PB Power has allocated proper resources to complete this work thoroughly and on time. FERC’s new failure -modes analysis requires the degree of staffing allocated by PB Power and the knowledge and expertise to perform this work.

“As shown below, PB Power was the lowest-cost evaluated bidder of the four bids received and demonstrates a complete understanding of FERC’s requirements for this work. Based on its qualifications and ability to perform such work, staff recommends awarding a contract to PB Power.

Engineering Firm	Independent Consultant	Total Lump Sum Bid Price
PB Power Inc.	Mr. Bryce Mochrie, P.E. Mr. Richard Tucker, P.E.	\$37,400
Malcolm Pirnie/Mead & Hunt	Mr. Kim Hansen, P.E.	\$39,350
Acres International Corp.	Mr. Rex C. Powell, P.E. or Mr. James R. Monin, P.E.	\$49,500
Gomez and Sullivan Engineers, P.C.	Mr. Jerry Gomez, P.E. Mr. David Mishalanie, P.E.	\$52,000

“FERC must approve the résumé of the specific independent consultants employed by PB Power to proceed with this work. Historically, FERC has required the Authority to use the FERC-approved independent consultant to

conduct follow-up work; therefore, the intended term of the contract is five years. This contract will permit the Authority to comply with FERC's mandate that the Authority conduct independent consultant inspections of its licensed hydropower projects every five years.'

FISCAL INFORMATION

"Funds required to support this contract are included in the 2005 Approved O&M Budget. Funds for subsequent years, where applicable, will be included in budget submittals for those years. Payment will be made from the Operating Fund.

RECOMMENDATION

"The Vice President and Chief Engineer – Power Generation, the Vice President – Procurement and Real Estate and the Regional Manager – Central New York recommend that the Trustees approve the award of a multiyear contract to PB Power, Inc. for inspection and consulting services, as discussed above.

"The Executive Vice President – Power Generation, the Executive Vice President, Secretary and General Counsel, the Executive Vice President – Corporate Services and Administration and I concur in the recommendation."

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

RESOLVED, That pursuant to the Guidelines for Procurement Contracts adopted by the Authority, the award and funding of a five -year procurement contract to PB Power, Inc. in the amount of \$200,000 is hereby approved, as recommended in the foregoing report of the President and Chief Executive Officer; and be it further

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

**10. Procurement (Services) Contract – St. Lawrence/FDR Power Project
Relicensing – Construction Services – Award**

The President and Chief Executive Officer submitted the following report:

SUMMARY

“The Trustees are requested to approve the award of a procurement (services) contract to Perras Excavating, Inc. for construction of recreational improvements at the St. Lawrence/FDR Power Project (‘Project’). The term of the contract will be from May 1, 2005 through December 31, 2007. The total estimated cost of the contract is \$1,925,365.

BACKGROUND

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

“In accordance with the Authority’s Expenditure Authorization Procedures, the award of non-personal services or equipment purchase contracts in excess of \$3,000,000, as well as personal services contracts in excess of \$1,000,000 if low bidder, or \$500,000 if sole source non-low bidder, require the Trustees’ approval.

“The Federal Energy Regulatory Commission (‘FERC’) issued the New License for the Project on October 23, 2003. The Trustees accepted the New License at their meeting of November 25, 2003. As part of the new license, the Authority is required to rehabilitate existing and build new recreational facilities. At their meeting of December 16, 2003, the Trustees authorized a total of \$169 million for expenditures related to compliance with the New License, including the cost of recreation facilities.

“The Recreation Plan approved by FERC in June 2004 provides that this work start in 2004. At their July 27, 2004 meeting, the Trustees approved awarding a contract to J. E. Sheehan Contracting Corporation to construct Phase I recreational improvements at the Project. This work is in progress and scheduled to be completed in the summer 2005.

DISCUSSION

“To meet the requirements of the New License, the Authority needs to hire a firm to construct the remaining recreational improvements at local recreation sites at Massena Intake Boat Launch, Massena Country Club, Whalen Park (including the walkway between Whalen Park and Massena Country Club), Sand Islands, Richards Landing Dike Trail, Island View Park and Coles Creek Car Top Boat Launch and Sandy Beach. This work will begin in 2005 and will be completed by 2007.

“On March 14, 2005, the Authority issued a Request for Proposals (‘RFP’) for the above services, including a notice in the New York State Contract Reporter (‘Contract Reporter’). Twenty-five firms requested the RFP. Proposals were received from three firms: J. E. Sheehan Contracting Corporation (Potsdam, New York), Perras Excavating, Inc. (Massena, New York), and H. Schickel General Contracting, Inc. (Malone, New York).

“Staff from the Authority’s Licensing, Environmental and Procurement Divisions evaluated the proposals on the basis of cost, completeness, schedule, experience and commercial requirements of the bid inquiry. The proposal from Schickel was disqualified because it was incomplete and a number of required items were not included in the bid. The proposals from Perras (\$1,925,365) and Sheehan (\$2,658,000) were complete and both firms were evaluated to be qualified for the work. Based on its qualifications, completeness of proposal, as well as cost, staff therefore recommends the award of a contract to Perras Excavating, Inc., the lowest-priced qualified bidder.’

FISCAL INFORMATION

“As these expenditures are related to the implementation of commitments in the New License and the Settlement Agreements, payments will be made from the Capital Fund.

RECOMMENDATION

“The Senior Vice President – Public and Governmental Affairs recommends that the Trustees authorize award of a contract to Perras Excavating, Inc. for \$1,925,365 for construction of recreational improvements in support of compliance with the New License and the Local Government Settlement Agreement.

“The Executive Vice President, Secretary and General Counsel, the Executive Vice President – Corporate Services and Administration, the Senior Vice President and Chief Financial Officer and I concur in the recommendation.”

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

RESOLVED, That pursuant to the Guidelines for Procurement Contracts and Expenditure Authorization Procedures adopted by the Authority, approval is hereby granted to award a contract to Perras Excavating, Inc., for the 32-month period from May 1, 2005 to December 31, 2007 in the total estimated amount of \$1,925,365, to implement improvements in compliance with the New License Settlement Agreement, as recommended in the foregoing report of the President and Chief Executive Officer, in the amount indicated below:

<u>Contractor</u>	<u>Contract Approval</u>	<u>Projected Completion Date</u>
Perras Excavating, Inc.	<u>\$1,925,365</u>	12/31/07

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

11. Procurement (Services) Contract – Blenheim-Gilboa Power Project – Life Extension And Modernization Program – Power Transformers Contract – Hyundai Heavy Industries Co. Ltd. - Award

The President and Chief Executive Officer submitted the following report:

SUMMARY

“The Trustees are requested to approve the award of a \$7.3 million contract to Hyundai Heavy Industries Co. Ltd. (‘Hyundai’) for the design, fabrication, delivery and installation of four new Power Transformers as part of the Blenheim-Gilboa Power Project (‘Project’) Life Extension and Modernization Program (‘LEM Program’). The term of the contract will be from May 2005 through September 2010.

BACKGROUND

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

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

“At their meeting of November 25, 2003, the Trustees approved the initiation of the LEM Program and authorized capital expenditures of \$26.3 million to begin engineering, procurement and construction for long-lead components. This, together with \$1.0 million authorized earlier for preliminary engineering and design, brings the present total authorized funding to \$27.3 million. The projected expenditure of \$3.0 million for this contract through 2006 is within the current authorized expenditure limits of the Program.

“As indicated in the B-G LEM Report, the Power Transformers are critical to plant operation. There are four Power Transformers associated with the four B-G units and one additional standby Transformer as an Emergency Spare. Four of the Power Transformers are original 1970-vintage equipment and assessed to be approaching the end of their design life. One Power Transformer was replaced in 1984 and will be used as the Emergency Standby Backup Spare.

“In addition, an analysis of the Transformers’ loading indicated that the existing Power Transformers are running at times above the thermal limits under the present operating conditions. The new Power Transformers will be required to be upsized from 285 MVA to 325 MVA in order to meet the higher pump-load conditions of the new and more efficient Pump Turbines.

DISCUSSION

“A Request for Proposals (‘RFP’) describing the scope of design, manufacturing and delivery, with optional pricing for installation of the Main Power Transformers, was issued on November 23, 2004 to 12 bidders and by advertisement in the New York State Contract Reporter.

“The RFP required bidders to design four Power Transformers to fit within the existing Transformer locations and to match the requirement for the low-voltage and high-voltage connections in order to avoid any additional construction modification cost.

“On February 1, 2005, proposals were received from five bidders. Their as-received total lump-sum Transformer prices, and the evaluated prices with installation included, are summarized below:

	<u>Manufacturing Location</u>	<u>Evaluated Bid Price for Transformers with Installation Included</u>
Hyundai	Korea	\$ 7,249,608
G.E.	Mexico	\$13,763,298
Siemens	Brazil	\$10,466,001
Mitsubishi	Japan	\$12,611,208
ABB	Brazil	\$15,969,067

“Consistent with the Authority’s bid evaluation procedure, the proposals were evaluated on the basis of cost, completeness, schedule, warranty, exceptions taken to the bidding documents, quality control, safety and adherence to the Authority’s M/WBE participation goals and Equal Employment Opportunity requirement.

“An Evaluation Committee with representatives from Procurement, Engineering, Quality Assurance, Project Management and the Project analyzed the bids; met with the low bidder, Hyundai, on March 4, 2005 to obtain additional information and reviewed all the pertinent factors to determine the lowest-priced technically qualified proposal. Staff reviewed and evaluated the optional prices provided by Hyundai with the bids and determined that the cost proposal for the four Transformer installations were acceptable and should be included as part of the contract award. In addition, Hyundai provided the lowest bid price and its technical proposal was reviewed and found to be acceptable. Hyundai provided firm lump-sum pricing with no further yearly escalation for the Transformers and the installation cost.

“Hyundai has furnished many transformers to U.S. utilities, as well as other customers worldwide. In 2000, Hyundai furnished two new Transformers as part of the St. Lawrence LEM and the company’s performance to date has been excellent. Hyundai’s Quality Assurance Program was found to be acceptable and its factory is ISO-9001 compliant. No further discussion was held with the other bidders due to the large cost differential. The recommended contract award amount is within the B-G LEM budget for the four Power Transformers.’

FISCAL INFORMATION

“Payments will be made from the Capital Fund.

RECOMMENDATION

“The Vice President – Project Management, the Vice President and Chief Engineer, the Vice President – Procurement and Real Estate, the Regional Manager – Central New York and the Project Manager recommend that the Trustees approve the award of a contract to Hyundai Heavy Industries Co. Ltd. for the design, fabrication, delivery and installation of four new Main Power Transformers.

“The Executive Vice President – Power Generation, the Executive Vice President, Secretary and General Counsel, the Executive Vice President – Corporate Services and Administration and I concur in the recommendation.”

Mr. Wong presented the highlights of staff’s recommendations to the Trustees. In response to a question from Trustee Seymour, Mr. Wong said that there are no U.S. manufacturers of the type of power transformers needed for this project. Responding to a question from Vice Chairman McCullough, Mr. Wong said that the wide variance in bid prices was due to Hyundai’s aggressive U.S. transformer sales program.

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

RESOLVED, That pursuant to the Guidelines for Procurement Contracts adopted by the Authority and its Expenditure Authorization Procedures, approval is hereby granted to award a multiyear contract to Hyundai Heavy Industries Co. Ltd. as recommended in the foregoing report of the President and Chief Executive Officer, in the amount and for the purpose listed below:

<u>Contract Award</u>	<u>Award Amount</u>	<u>Project Completion</u>
Hyundai Heavy Industries Co. Ltd. for the design, fabrication, delivery and installation of four Main Power Transformers	<u>\$7,249,608</u>	May 2010

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

12. Procurement (Services) Contract – Telecommunication Services – Time Warner Cable, Inc. – Capital Expenditure Authorization and Contract Award

The President and Chief Executive Officer submitted the following report:

SUMMARY

“The Trustees are requested to approve capital expenditures and the award of a contract for telecommunication (‘telecomm’) services with Time Warner Cable, Inc., (‘TWC’) for \$8,300,000 covering a seven-year term. TWC will provide managed network services with 100 Mbps bandwidth to all key Authority facilities for \$1.1 million annually and \$600,000 in one-time construction costs .

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 for a period in excess of one year.

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

“Information Technology (‘IT’) currently has a Wide Area Network (‘WAN’) composed of more than 300 telecomm circuits a majority of which are provided by AT&T. Each circuit provides a distinct function or role such as data networking, voice communication, real-time process communication and security. These circuits are all point-to-point connections from one Authority facility to another Authority facility. The node equipment, monitoring functions, management responsibilities, capacity planning and fail-over logic falls on the Authority. The current environment costs more than \$3 million annually and has recently been growing by more than 8% per year.

“In 2004, IT began to explore alternatives to its present technology to provide backbone telecomm connectivity for the Authority’s facilities. The key criteria used in evaluating alternatives were as follows:

- Increased bandwidth
- Lowered costs
- Managed services
- Security of communication
- Support for convergence
- Support for disaster recovery hot site

DISCUSSION

“In December 2004, a Request for Proposals (‘RFP’) was issued describing the requirements of the WAN upgrade. This procurement was advertised in the New York State Contract Reporter on December 13, 2004.

“Five proposals were received on February 14, 2005. One of the vendors, the New York State Office For Technology (‘OFT’), submitted only a limited response and did not follow the Functional and Technical requirements as outlined in the RFP. OFT was eliminated from further consideration. The remaining vendors’ proposals were reviewed in depth.

“Each of the remaining vendors had Internet Protocol–Virtual Private Network (‘IP-VPN’) managed services and could deliver a solution to the Authority. Many aspects of each vendor’s solution were similar. The following table identifies key points of their solutions where differences existed. The conventional telecomm carriers are using existing copper wiring that exists at each facility today. This limits the available bandwidth at most of the facilities to 40-45 Mbps. TWC is installing new fiber optic cables to provide high-speed connectivity at 100 Mbps.

“The TWC proposal provides the highest bandwidth at the lowest cost. The company’s solution, based on fiber optics, can support future growth in bandwidth up to 1,000 Mbps without any new construction or changes in hardware.

	<u>AT&T</u>	<u>MCI</u>	<u>Verizon</u>	<u>TWC</u>
Bandwidth – Options (100Mbps Preferred)				
40 Mbps – NIA, STL, B-G, ALB, POL, FLY, NYO			v	
45 Mbps – NIA, STL, B-G, ALB, FLY, POL, NYO	v	v		
100 Mbps – CEC, WPO (only)	v	v	v	
100 Mbps – ALL Sites				v
Backup Option is a T-1 1.5 Mbps	v	v	v	v
Future Growth Potential (Requested in RFP)				
Bandwidth available up to 1000 Mbps				v
Monthly Recurring Charges	\$118,530	\$133,342	\$95,740	\$94,000
Annual Recurring Charges	\$1,422,358	\$1,600,098	\$1,148,886	\$1,128,000
Term of Contract	36 months	36 months	36 months	36 months

“The table referenced above was used to determine that the TWC solution was the best vendor offering and at the lowest cost to the Authority. TWC offered additional options in terms of backup alternatives and term of contract. The recommendation chosen is from one of these additional options. TWC will provide a backup solution that will provide redundant fiber optic cables using alternative paths into the facility that can support 100 Mbps bandwidth for Niagara, St. Lawrence, Blenheim-Gilboa, the Clark Energy Center and the White Plains Office. This backup fiber optic cable is in addition to the primary fiber optic cable. TWC will provide backup T-1 service for the rest of the Authority’s locations as requested in the RFP. The Authority selected a seven year term to lock in savings and reduce capital costs. TWC maintains operational centers 7x24 and these centers have standby power in the event of a major blackout. The Authority will include language in the final contract that will insure operation of these circuits even during blackout conditions.

“The new IP-VPN managed network will provide greater bandwidth, support convergence of the Authority’s existing point-to-point telecomm circuits, facilitate development of connectivity to a disaster recovery site and reduce the Authority’s existing telecomm costs by more than \$1 million each year going forward.

“Authorization requested for this contract is \$8,300,000 of which \$600,000 is for one-time costs associated with construction and build-out of the fiber optic connectivity which has been budgeted in the 2005 approved Capital Budget.

FISCAL INFORMATION

“Payments for Capital expenditures will be made from the Capital Fund. O&M expenditures required to support contract services have been included in the 2005 Approved O&M Budget. Funding for subsequent years will be included in the budget submittals for those years.

RECOMMENDATION

“The Chief Information Officer – Information Technology recommends that the Trustees approve the award of a contract to Time Warner Cable, Inc. at a contract value of \$8,300,000.

“The Executive Vice President – Power Generation, the Executive Vice President, Secretary and General Counsel, the Executive Vice President – Corporate Services and Administration, the Chief Financial Officer and I concur in the recommendation.”

Mr. Schmid presented the highlights of staff's recommendations to the Trustees. In response to questions from Trustee Seymour, Mr. Schmid said that Time Warner would be running fiber optic cable from their local facilities into the Authority's facilities and that Time Warner would be digging a seven-mile trench for the fiber optic cable to run from the Eisenhower Lock in to the St. Lawrence power project. Responding to questions from Chairman Ciminelli, Mr. Schmid said that Time Warner would be partnering with Adelphia, the local cable company in the Buffalo-Niagara area and that the new system would be secure since it did not involve the Internet and the data transmitted on it would be encrypted.

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

RESOLVED, That pursuant to the Expenditure Authorization Procedures adopted by the Authority, the Capital Expenditure Authorization Request for telecommunication services be, and hereby is, approved in the amounts and for the purposes listed below:

<u>Description</u>	<u>Current Estimate</u>	<u>Current Request</u>	<u>Total Authorized Amount</u>
Telecomm Services – 7 yrs.	\$7, 700,000	\$7,700,000	\$7,700,000
Capital Construction	\$ 600,000	\$ 600,000	\$ 600,000
Totals	<u>\$8,300,000</u>	<u>\$8,300,000</u>	<u>\$8,300,000</u>

AND BE IT FURTHER RESOLVED, That pursuant to the Guidelines for Procurement Contracts adopted by the Authority, the award and funding of the multiyear procurement contract to Time Warner Cable Inc. be, and hereby is, approved as recommended in the foregoing report of the President and Chief Executive Officer, in the amount and for the purpose indicated below:

<u>Contract</u>	<u>Contract Amount</u>
Time Warner Cable, Inc. Wide Area Network Upgrade	<u>\$8,300,000</u>

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

13. Voluntary Contribution to the State Treasury

The President and Chief Executive Officer submitted the following report:

SUMMARY

“The Trustees are requested to authorize a voluntary contribution in the amount of \$50 million to the State Treasury in support of the Power for Jobs (‘PFJ’) Program pursuant to budget legislation enacted for State Fiscal Year (‘SFY’) 2004-05 and previously enacted laws.

BACKGROUND

“In 2000, amendments (Chapter 63 of the Laws of 2000) were enacted to the state law governing the PFJ Program that authorized the Authority ‘as deemed feasible and advisable by the [Authority’s] trustees’ to make voluntary contributions to the State Treasury in support of costs associated with the PFJ Program.

“In December 2002, the Authority determined that such a contribution was feasible and an initial payment of \$67 million was made pursuant to the Trustees’ authorization for sales associated with the PFJ Program during 2001 and 2002. In December 2003, a second contribution was made in the amount of \$52 million pursuant to the Trustees’ further authorization for sales associated with the PFJ Program during 2003. In December 2004, an additional payment of \$50 million was made for sales during 2004, pursuant to further Trustee authorization.

DISCUSSION

“Under all phases of the PFJ Program, distributors of the power are allowed to take a tax credit against their gross receipts tax (‘GRT’) to offset lost revenues. The Authority was initially authorized to make a voluntary contribution to the State Treasury ‘as deemed feasible and advisable by the trustees,’ equal to 50% of the GRT credit associated with Phase Four PFJ sales up to a maximum of \$125 million. Further revisions to the law in 2002 (Chapter 226 of the Laws of 2002) and 2003 (Chapter 62 of the Laws of 2003), authorized the Authority to pay 100% of the GRT credit associated with Phase Four and Phase Five PFJ sales for 2001, 2002 and 2003 ‘as deemed feasible and advisable by the trustees,’ still subject to the \$125 million cap in the legislation. The 2004 legislation (Chapter 59 of the Laws of 2004) continued the authorization for such contributions at 100% of the GRT credit through the end of the PFJ Program in 2005 and raised the cap to \$275 million. In April 2005, legislation enacted to implement the SFY 2005-06 state budget (Chapter 59 of the Laws of 2005) included provisions continuing the authorization for voluntary contributions ‘as deemed feasible and advisable by the trustees’ and increased the limit on total contributions from \$275 million to \$394 million.

“The Authority’s voluntary contribution associated with 2005 sales is estimated to be \$50 million. Such payment, if authorized, would normally be due no later than 90 days from the close of 2005. However, the State Division of the Budget has requested that payment be made by April 30, 2005. The Department of Public Service is expected to certify the final amounts by early March 2006.

“Staff has determined that funds are available at this time and recommends that the Trustees authorize the payment to the State Treasury of \$50 million, equal to 100% of the estimated GRT credit associated with Phase Four and Phase Five PFJ sales during 2005 pursuant to the PFJ legislation. The Treasurer has determined that such amount is not needed for any of the purposes specified in Section 503(1)(a)-(c) of the Authority’s General Resolution Authorizing Revenue Obligations.

FISCAL INFORMATION

“Given the financial condition of the Authority, its estimated revenues, operating expenses and debt service and reserve requirements, staff is of the view that it is feasible for the Authority to make the voluntary contribution of \$50 million authorized by the PFJ legislation. The Authority has been reserving for this amount in its financial reports.

RECOMMENDATION

“The Vice President – Governmental Affairs and Policy Development recommends that the Trustees authorize the payment to the State Treasury of \$50 million, representing staff’s current estimate of 100% of the gross receipts tax credit associated with Phase Four and Phase Five Power for Jobs sales during 2005, which would bring the Authority up to a cumulative payment of \$219 million, pursuant to the Power for Jobs legislation. In light of the fact that Authority funds are available at this time, it is further recommended that \$50 million be transferred by April 30, 2005.

“The Executive Vice President, Secretary, and General Counsel, the Executive Vice President – Corporate Services and Administration, the Senior Vice President – Public and Governmental Affairs, the Senior Vice President – Chief Financial Officer and I concur in the recommendation.”

Mr. Russak presented the highlights of staff’s recommendations to the Trustees. In response to a question from Vice Chairman McCullough, Mr. Russak said that this item only covers a 2005 voluntary contribution. Responding to a question from Trustee Seymour, Mr. Russak said that one of the items in the 2005-06 budget bills just signed into law had extended the Power for Jobs program through December 31, 2006. In response to a question from Trustee Seymour, Mr. Russak said that this extension would likely mean that the Trustees would be asked to authorize another voluntary contribution to the State Treasury in 2006.

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

RESOLVED, That the Trustees hereby authorize a payment to the State Treasury of \$50 million from the Authority’s Operating Fund pursuant to the Power for Jobs legislation discussed in the foregoing report of the President and Chief Executive Officer, with such payment of \$50 million authorized to be made on or before April 30, 2005; and be it further

RESOLVED, That the such monies in the amount of \$50 million to be used for the payment to the State Treasury described in the foregoing resolution are not needed for any of the purposes specified in Section 503(1)(a)-(c) of the Authority’s General Resolution Authorizing Revenue Obligations, as amended and supplemented; and be it further

RESOLVED, That as a condition to making the payments specified in the foregoing resolutions, on the day of such payment the Treasurer shall certify that such monies to be used for the payment to the State Treasury described in the foregoing resolutions are not then needed for any of the purposes specified in Section 503(1)(a)-(c) of the Authority’s General Resolution Authorizing Revenue Obligations, as amended and supplemented; and be it further

RESOLVED, That the Chairman, Vice Chairman, President and Chief Executive Officer, Executive Vice President, Secretary and General Counsel, Senior Vice President – Chief Financial Officer, Vice President – Controller, Vice President – Finance, Deputy Secretary and Deputy General Counsel, Treasurer and all other officers of the Authority be, and each of them hereby is, authorized and directed, for and in the name and on behalf of the Authority, to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements and other documents, which they, or any of them, may deem necessary or advisable in order to effectuate the foregoing resolutions subject to approval as to the form thereof by the Executive Vice President, Secretary and General Counsel.

14. **Next Meeting**

The next regular Meeting of the Trustees will be held on **Tuesday, May 24, 2005, at 11:00 a.m., at the Flynn Power Plant**, unless otherwise designated by the Chairman with the concurrence of the Trustees.

Closing

On motion duly made and seconded, the meeting was adjourned by the Chairman at approximately 11:50 a.m.

A handwritten signature in black ink that reads "David E. Blabey". The signature is written in a cursive style with a long, sweeping tail on the letter "y".

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