

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

April 17, 2001

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

Present: Joseph J. Seymour, Chairman
 Louis P. Ciminelli, Vice Chairman
 Frank S. McCullough, Jr., Trustee
 Timothy S. Carey, Trustee
 Trustee Gerard D. DiMarco, was excused from attendance

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
Vincent C. Vesce	Executive Vice President – Corporate Services and Human Resources
Louise M. Morman	Senior Vice President – Marketing and Economic Development
H. Kenneth Haase	Senior Vice President - Transmission
Michael A. Petralia	Senior Vice President – Public and Governmental Affairs
Robert L. Tscherne	Senior Vice President – Energy Services and Technology
Michael H. Urbach	Senior Vice President and Chief Financial Officer
Arnold M. Bellis	Vice President – Contoller
Daniel Berical	Vice President – Federal Legislative Affairs
Woodrow W. Crouch	Vice President – Project Management
Robert J. Deasy	Vice President – Power Contracts and Resource Management
John M. Hoff	Vice President – Procurement and Real Estate
Russell Krauss	Vice President and Chief Information Officer
Charles I. Lipsky	Vice President and Chief Engineer
James H. Yates	Vice President, Major Account Marketing & Economic Development
George W. Collins	Treasurer
Michael Brady	Deputy Treasurer
Carmine J. Clemente	Deputy General Counsel
Stephen P. Shoenholz	Deputy Vice President of Public Affairs
Gary Paslow	Executive Director - Policy Development
Joseph J. Carline	Assistant General Counsel
William Ernsthaft	Assistant General Counsel
Gerald C. Goldstein	Assistant General Counsel
Gerard V. Loughran	Assistant General Counsel
Arthur M. Brennan	Director – Internal Audit
Angelo Esposito	Director – Energy Services Division
Douglas M. Kerr	Director – Marketing Planning
Goverdhan Lal	Director – Cost and Scheduling
Shalom Zelingher	Director – Research and Technology Development
Luis A. Rodriguez	Community Relations Manager
Diana Gil	Procurement Program Specialist
Edward Holman	Senior Environmental Engineer
Michael A. Saltzman	Senior Information Specialist
Wayne Gowen	LAN Administrator
Aileen Kern	Special Assistant to Chairman
Bonnie Fahey	Executive Administrative Assistant
Anne Wagner-Findeisen	Deputy Secretary
Angela D. Graves	Assistant Secretary - Legal Affairs
Andrew J. McLaughlin	Assistant Secretary – Legal
Alice F. Simon	Assistant Secretary

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

1. **Chairman Convenes Annual Meeting**
- Motion to Conduct Executive Session
- Motion to Resume in Open Session

On Motion duly made and seconded, an Executive Session was held at 11 a.m. for the purpose of discussing the ongoing turbine-related litigation.

On Motion duly made and seconded, the meeting resumed in open session at 12:15 p.m.

2. **Approval of the Minutes**

The minutes of the Regular Meeting held on March 27, 2001 were approved.

3. Financial Report for the Three Months Ended March 31, 2001

In response to questions from Trustee McCullough concerning recent trends in ISO charges, Mr. Bellis explained that the latest charges attributable to the "local reliability rule" are some \$2.2 million which, although higher than budgeted for at the end of 2000, nonetheless reflect a downward price move. Mr. Urbach stressed that ISO submits the bills to the Authority without any supporting documentation. Mr. Haase added that Authority staff, in particular Bill Palazzo, have been formally requesting the ISO Board to provide us with back-up for the invoices.

In response to questions from Chairman Seymour, Mr. Hiney explained that the load pockets in NYC, which are at the root of these ISO charges, would be significantly alleviated by the Power Now! Projects' turbines when they become operational. Mr. Hiney further explained that under existing ISO procedures, data relating to the bidding is deemed confidential, unlike its predecessor NYPP, which provided far greater transparency. For this reason, Mr. Hiney noted, the Authority has been pressing for an independent audit of the ISO transactions to be performed expeditiously. Mr. Urbach added that the Authority has been insistent upon such an audit from the inception of these ISO procedures. Chairman Seymour observed that stepping up our efforts is called for in this area.

4. Report from the President and Chief Operating Officer

President Zeltmann reported that the FACTS system is successfully up and running at the Clark Energy Center and indicated that he would recommend a site visit by the Trustees at a future convenient date.

At President Zeltmann's request, Mr. Crouch then summarized the principal milestones reached since inception of the Power Now! Projects and reported on significant activities since the most recent Trustees' meeting at the end of March.

Mr. Crouch submitted a Construction Progress Report depicting the rate of work progressing on a per-site basis, ranging mostly from 55 % to 65% completion rates, but noting again that the North 1st and Grand Street site is currently at some 15% toward completion and is not anticipated to be ready prior to August 1, 2001.

Mr. Crouch also presented the latest cash flow analysis of the Projects reflecting the cumulative \$336.6 million actually spent to date. Mr. Crouch confirmed that the overall budget is projected at \$530 million, exclusive of any funds the Trustees may deem appropriate to approve for community grant purposes.

Lastly, Mr. Crouch submitted a chart tracking each of the expenditure authorizations approved by the Trustees in connection with the Projects for each of the discrete project phases (Licensing, Engineering, Procurement, Construction, Working Capital, and Direct/Indirect expenses). The chart further depicted the dollars currently estimated, dollars committed to date, previous expenditure approvals, and current authorization requests being submitted by staff. Mr. Crouch also identified emerging budget variances and explained that the largest remaining expense will be some \$57 million in construction costs, including the Slattery Skanska contract (to be discussed later in the meeting), as well as some \$18 million in connection with electrical and gas work needed to connect to Con Edison's systems, as well as water interconnections in New York City and Long Island.

In response to questions from Vice Chairman Ciminelli concerning why some \$12.5 million in emergent procurement costs had not been included in staff's original estimate submitted to the Trustees, Mr. Crouch explained that the original estimate of some \$3.5 million for overall electrical work has proved insufficient to cover the emergent costs of some \$2.5 million for voltage, \$3.5 million for substation work and \$2 million for various electrical connection tasks. Mr. Crouch added that the Harlem River/Hellgate site will end up as requiring more significant substation work than was originally thought to be required.

In response to questions from Vice Chairman Ciminelli concerning whether the additional out-of-scope work for Slattery arises out of the need to drive additional piles, Mr. Crouch responded in the affirmative, noting

that some 400 additional piles had been needed at greater depths than foreseen, as well as the emergent need for some 20,000 feet of linear conduits. In response to further questions from Vice Chairman Ciminelli, Mr. Crouch confirmed that the Authority's agreements with the contractors are based on a per-unit price, but that staff is still in the process of trying to negotiate lower costs per unit for remaining items. Mr. Crouch also explained that the estimated contingency funds will probably go toward the costs of compressing the schedule, as well as any additional unanticipated work.

In response to questions from Chairman Seymour concerning expenditures in connection with community grants, Messrs. Petralia and Blabey explained that the planned Randalls Island footbridge is one example, and the esplanade and offset programs are other examples. Funding for such grants, however, is not included in the Projects' budget that was the subject of Mr. Crouch's foregoing presentation, but rather comprises a matter for separate Trustees authorization.

5. Election of Authority Non-Statutory Officers

The Executive Vice President, Secretary and General Counsel 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 November 28, 2000, be elected by the Trustees to hold office for terms expiring at the next annual meeting of the Trustees in April 2002, or until their successors are elected, are proposed:

Eugene W. Zeltmann	President and Chief Operating Officer
Robert A. Hiney	Executive Vice President – Project Operations
David E. Blabey	Executive Vice President, Secretary and General Counsel”

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 November 28, 2000, to hold office for terms expiring at the next annual Trustees’ meeting or until their successors are elected:

Eugene W. Zeltmann	President and Chief Operating Officer
Robert A. Hiney	Executive Vice President - Project Operations
David E. Blabey	Executive Vice President, Secretary and General Counsel

6. Power Allocations Under the Power for Jobs Program

The President submitted the following report:

SUMMARY

“The Trustees are requested to approve 62 allocations of available power under the Power for Jobs (‘PFJ’) program to the businesses listed in Exhibits ‘6-A’ and ‘6-B’ which have been recommended for such allocations by the Economic Development Power Allocation Board (‘EDPAB’).

BACKGROUND

“In July 1997, Governor George E. Pataki and the New York State Legislature approved a program to provide low-cost power to businesses that agree to retain or create jobs in New York State. The PFJ program originally made available 400 megawatts (‘MW’) of power; 200 MW provided from the Authority’s James A. FitzPatrick Nuclear Power Plant and 200 MW purchased by the Authority through a competitive bid process. The program was to be phased in over three years, with approximately 133 MW being made available each year. In July 1998, as a result of the initial success of the program, Governor Pataki and the Legislature have made an additional 50 MW of power available and have accelerated the distribution of the power. Two hundred and sixty-seven MW were made available in Year One.

“In May 2000, legislation was passed which authorized another 300 MW of power to be allocated under the PFJ program. Up to 75 MW may be recommended for allocations to small businesses and not-for-profit corporations. The additional megawatts, described in the statute as ‘phase four’ of the program is to be allocated in three rounds: 100 MW by October 1, 2000, 100 MW by February 1, 2001 and 100 MW by July 1, 2001. In addition to applicants who have not received a previous allocation under the program, those who received allocations in Year One (December 1997-November 1998) are also eligible for allocations in ‘phase four’. Year One allocations totaled 267 MW; however, some allocations were returned unused or recaptured due to failure to meet job commitments. As a result, there are approximately 250 MW in allocations to some 320 customers who would be eligible to apply for ‘phase four’ power.

“Approved allocations will entitle the customer to receive the power from the Authority pursuant to a sale for resale agreement with the customer’s local utility. A separate allocation contract between the customer and the Authority will contain job commitments enforceable by the Authority.

“The program is designed to assist New York State businesses that are at risk of reducing or closing their operations, or moving out of State, or are willing to expand job opportunities. Businesses are required to create or maintain a specific number of jobs in order to qualify for an allocation. At various meetings from December 1997 through January 2001, the Trustees approved allocations to 899 businesses under the PFJ program, of which 244 were to businesses who had their allocations extended for three years under ‘phase four’ of the program.

DISCUSSION

“In an effort to receive quality applications and to announce the program, advertisements announcing the program were placed in major newspapers and business publications statewide; a direct-mail piece was distributed; regional meetings were hosted around the State; and the program was promoted through television ads within and without the State.

“Completed applications were reviewed by EDPAB and recommendations were made based on a number of competitive factors, including the number of jobs retained or created, the amount of capital investment in New York State, and whether a business is at a competitive disadvantage in New York. Sixty-two applications were deemed highly qualified and presented to the EDPAB for its review on April 17, 2001. All remaining applications are still under review and will be considered at a later date.

“As a result of its meeting, the EDPAB has recommended that the Authority’s Trustees approve the allocations to the 62 businesses listed in Exhibits ‘6-A’ and ‘6-B’. Exhibit ‘6-A’ lists those businesses that were recommended to have their existing allocation extended under phase four of the program, while those businesses listed in Exhibit ‘6-B’ are being recommended for new allocations. Collectively, these organizations have agreed to create or retain nearly 42,000 jobs in New York State in exchange for allocations totaling 46.590 MW. The allocation contracts will be for a period of three years. The power will be wheeled by the investor-owned utilities as indicated in the exhibits. The basis for the EDPAB’s recommendations is also included in the exhibits.

RECOMMENDATION

“The Manager – Business Power Allocations and Compliance and the Vice President – Major Account Marketing and Economic Development recommend that the Trustees approve the allocations of power under the PFJ program to the companies listed in Exhibits ‘6-A’ and ‘6-B’.

“The Senior Vice President – Marketing and Economic Development, the Senior Vice President and Chief Financial Officer, the Executive Vice President Secretary and General Counsel, the Executive Vice President – Project Operations and I concur with the recommendation.”

In response to questions from the Vice Chairman concerning allocations to companies that operate only on a seasonal basis, Mr. Yates explained that the proposed allocation to Gernatt Asphalt Products would provide for energy during the warm weather months, which would be redirected to the Ski Resort for the winter months.

Trustee McCullough stated he would abstain from voting on that portion of the proposed resolution as it pertains to the Pepsi Cola Company, with whom his firm has a business relationship.

The following resolution, as recommended by the President, was adopted by a vote of three in favor with one partial abstention.

WHEREAS, the Economic Development Power Allocation Board has recommended that the Authority approve an aggregate 46.590 megawatts of allocations of Power for Jobs power to the companies listed in Exhibits “6-A and “6-B”;

NOW THEREFORE BE IT RESOLVED, That to implement such Economic Development Power Allocation Board recommendations, the Authority hereby approves allocations of Power for Jobs power to the companies listed in Exhibits “6-A” and “6-B” (the “Customers”), as submitted to this meeting, and that the Authority finds that such allocations are in all respects reasonable, consistent with the requirements of the Power for Jobs program, and in the public interest; and be it further

RESOLVED, That a total of 46.590 megawatts of power from the James A. FitzPatrick Plant and power purchased by the Authority in a competitive bid process, be sold to the utilities that serve such Customers for resale to them for a period of up to three years under the terms of both the Authority’s Power for Jobs sale for resale contracts with the utilities, and separate allocation contracts between the Authority and such Customers; and be it further

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

7. **Capital Expenditure Authorization Request for Licensing, Engineering, Procurement, Construction and Operation and Maintenance Associated with the Power Now! Generation Project and for Slattery Skanska, Inc., - General Work Contract for Installation of LM6000s and Increase in Compensation Ceiling**

The Executive Vice President – Project Operations submitted the following report:

SUMMARY

“The Trustees are requested to authorize \$88,333,622 for the balance of capital expenditures for the licensing, engineering, procurement and construction of the Power Now! Project. The Trustees are also requested to authorize \$3,800,000 for 2001 Operation and Maintenance (‘O&M’) expenditures for the Power Now! Project.

“The Trustees are requested to approve an increase in the compensation ceiling for the previously approved contract with Slattery Skanska, Inc., for the installation of 11 gas turbine generator units, balance of plant equipment, and transmission and substation work to support the Generation Projects from the previously approved amount of \$150,000,000 to \$170,000,000 for the aforementioned purpose

BACKGROUND

“As determined by the Trustees at their meeting of August 29, 2000, the Authority has found that there is a deficiency in installed electric generation capacity in New York City and that there is an urgent and compelling need for such deficiency to be cured by installing additional electric generation capacity in New York City before June 1, 2001. The Authority staff reaffirms that the construction of the Projects (i) is necessary or desirable to assist in maintaining an adequate and dependable supply of electricity in New York City by supplying power and energy for one or more of the enumerated beneficiaries of the third unnumbered paragraph of Section 1005 of the New York Public Authorities Law, (ii) will assist in preserving reliability of electric service and in deterring further extraordinary increases in rates for electric services in the New York City metropolitan area, and (iii) will assist in maintaining an adequate, dependable electric power supply for the State of New York.

“At their meeting of August 29, 2000, the Trustees authorized entering into a contract with General Electric Power Products (‘GEPP’) for 11 LM6000 gas turbine generator sets and funding for capital expenditures of \$220,000,000 and \$15,000,000 for licensing, engineering, legal and other services.

“At their meeting of October 31, 2000, the Trustees approved \$14,100,000 in capital expenditures in support of balance of plant equipment. At their meeting of November 28, 2000, the Trustees approved \$25,000,000 in capital expenditures for real estate purchases. At their meeting of December 19, 2000, the Trustees approved \$6,000,000 in capital expenditures for construction management services. At their meeting of January 30, 2001, the Trustees authorized capital expenditures of \$3,466,378 for the purchase of major electrical equipment. At their meeting of February 20, 2001, the Trustees authorized capital expenditures of \$8,100,000 for equipment, transportation and start-up services.

“The 2001 approved O&M budget did not include funding for the operation and maintenance of the Combustion Turbines scheduled for commercial operation in June. When the 2001 budget was prepared, cost estimates were insufficiently refined to justify inclusion in the budget, and at that time, the Trustees were advised that they would be requested to review and approve an O&M budget for these facilities at a future date.

“At their meeting of December 19, 2000, the Trustees approved the award of a general work contract to Slattery Skanska, Inc., in the amount of \$150,000,000, based on Slattery’s acceptable pricing, superior qualifications to perform the work on a design-build basis, and superior financial condition as compared to the other bidders.

“The Authority’s typical contracting approach is to have a relatively high level (80 – 90%) of detailed design and engineering completed for a specific construction package prior to soliciting proposals. This approach eliminates the majority of unknowns and allows bidders to provide more precise pricing proposals on a lump sum basis with fewer contingencies. For the Generation Projects, the accelerated Power Now! Project schedule did not provide for such completion of detailed design and engineering prior to solicitation of proposals. The approach to be utilized for these Projects, in order to meet the targeted in-service date of June 1, 2001, is essentially design-build,

where construction proceeds as the design is being completed. With this approach, it was necessary to establish a baseline for bidders to respond to, and to be used to establish pricing changes as detailed design is completed, as well as to monitor the contractors' actual work very closely in the field.

“Due to the very limited detailed engineering and design availability at the time of bid document preparation, and the need to solicit proposals immediately to support the Project schedule, it was determined that the only viable approach was to prepare a scope of work for a two-unit site (which is the prevalent installation approach at the majority of the seven sites under consideration), based upon the typical two-unit layout prepared by the Authority’s Engineer, Sargent & Lundy. Since specific subsurface designs were not completed, bidders were advised to base their proposals upon specific assumptions regarding subsurface work (primarily installation of piles), foundation work, mechanical and electrical work. Detailed information was provided from the General Electric Corporation regarding the LM6000 units and their installation, and bidders were requested to provide unit pricing for additions and deletions to the work. The overall objective was to have bidders provide proposals based upon certain base assumptions, with unit prices that would form the basis to adjust the overall base price as detailed design and engineering is completed for each specific installation site.

“At the present time, the foundation work at all facilities, with the exception of North 1st and Grand Avenue, is nearly completed. At Hellgate, subsurface conditions were such that typical H-piles could not be installed, and the final design required installation of approximately 400 120-ton caissons, which were augured to provide support for the power island, Selective Catalytic Reduction system and stack, and balance of plant foundations. At the other sites, a total of 400 additional piles were driven beyond the total number estimated in the bid document, and approximately 20,000 linear feet of piles required ‘over-driving’ beyond the average 70-foot depth estimated in the bid document, prepared before subsurface data was available for selected sites. For example, piles at 23rd and Third Avenue in Sunset Park, Brooklyn (adjacent to the Gowanus Canal) were driven to an average depth of 110 feet, with some to a depth of 150 feet before refusal. Pile driving has not yet commenced at the North 1st and Grand Avenue site.

“Final design requirements by the Authority’s Engineers, Sargent & Lundy, resulted in ductwork at two-unit sites (through which almost 80,000 linear feet of cable will be pulled) of up to 18,000 linear feet, compared to the 6,000 linear feet assumed in the bid documents. In addition, development of the North 1st and Grand Avenue site will require the installation of heavy duty sheet piling on three sides of the site and building the site up an additional eight to ten feet on the river side with fill.

“With the final site selections, the exact results and lengths of the electric interconnection from the gas turbine sites to the various Consolidated Edison Company of New York, Inc. (‘Con Edison’) substations are now known, with designs just completed by the Authority’s consultant, USi. The final lengths result in a total additional length of approximately 12,000 feet.

“As final design is completed, there have been several significant changes in the size and dimension of critical equipment from that specified in the bid document. For example, for two-unit sites, the size of the demineralized water tanks has increased from 100,000 to 185,000 gallon capacity, and the overall dimensions of the pre-fabricated buildings where auxiliary equipment will be installed has increased by 50%. The following is a breakdown of the costs associated with the foregoing changes:

- Hellgate: Auguring caisson piles – Foundation support
- 400 additional H-piles and drilling beyond estimated average
- Additional developmental costs – retaining wall (three sides), removal of on-site tanks, piping and abatement work; additional 8-10 foot fill
- Additional ductbank – final design parameters for two-unit sites vs. initial estimate of 6,000 linear feet
- Additional transmission line interconnections
- Equipment changes vs. specified condition:
e.g., Demineralized water tanks – two-unit sites (100,000 gallon to 185,000 gallon Capacity);
Pre-fabricated buildings
- Offsite stack fabrication

“As final design drawings and information are issued, particularly the final electrical design at the gas turbine locations and the Con Edison substations, Authority staff anticipates that additional scope changes will be identified by Slattery for review by the Construction Manager and the Authority. As valid out-of-scope changes are identified, appropriate price adjustments will be negotiated and, where appropriate, contractual unit prices utilized for any such adjustments.

DISCUSSION

“The total estimated cost of the Power Now! project is \$530,000,000. To date, the Trustees have authorized \$441,666,378. The requested additional authorization of \$88,333,622 is comprised of \$1,000,000 for legal/licensing; \$7,400,000 for engineering; \$12,333,622 for real estate and miscellaneous equipment procurement; \$20,000,000 for the construction contract; \$18,000,000 for gas interconnection by Keyspan and Con Edison and other services in support of the electrical interconnection by Con Edison; \$2,200,000 for New York City and Suffolk County water connections; \$2,000,000 for start-up support and \$15,000,000 for contingency; \$2,000,000 for spare parts; and \$8,400,000 for direct and indirect Authority costs. The Authority has retained a New York City landscape architect to develop suggestions for discussion with the various communities as to community improvements and has authorized \$500,000 for engineering studies.

“The O&M budget of \$3.8 million represents an estimate of expenditures for June through December of 2001. The request includes funding for outside operations and maintenance support by a roving team of workers who will provide routine maintenance and troubleshoot operational problems. These contractors will be responsible for all sites, except Brentwood, which will be maintained by Flynn. The budget also includes funding for routine materials and supplies, demineralized water, ammonia and city water.

FISCAL INFORMATION

“Payment for capital expenditures will be made from the Authority’s Capital Fund.

“Payment for O&M expenditures will be made from the Operating Fund.

RECOMMENDATION

“The Deputy Secretary and Deputy General Counsel, the Vice President – Project Management, and the Vice President – Procurement and Real Estate, recommend that the Trustees approve capital expenditures of \$88,333,622 for the balance of capital expenditures for licensing, engineering, procurement and construction of the Power Now! Project.

“It is also recommended that the Trustees approve \$3,800,000 for the 2001 Operation and Maintenance expenditures for the Power Now! Project.

“It is also recommended that the compensation ceiling for the general work contract with Slattery Skanska, Inc. be increased by \$20,000,000 to \$170,000,000.

“The Vice President – Controller, the Executive Vice President, Secretary and General Counsel, and I concur in the recommendation.”

In response to questions from Trustee McCullough, President Zeltmann and Mr. Petralia reaffirmed the Authority’s commitment to providing a reasonable amount of funding for the Randalls Island footbridge, noting, however, that such funding is not included in the additional compensation being requested for Slattery. The Trustees expressed their strong concurrence with that commitment. In response to further questions and comments from Chairman Seymour and Trustee McCullough, Mr. Petralia confirmed that, in the future, staff would seek funding from the Trustees for community grant purposes.

The following resolution, as recommended by the Executive Vice President – Project Operations, was unanimously adopted:

RESOLVED, That capital funding is hereby approved to be committed in accordance with the Authority’s Expenditure Authorization Procedures for the Power Now! Generation Project, in the amounts and for the purposes listed below:

<u>Description</u>	<u>Current Estimates</u>	<u>Previously Authorized Amount</u>	<u>Current Request</u>	<u>New Authorized Totals</u>
Legal/Licensing	\$3,000,000	\$2,000,000	\$1,000,000	\$3,000,000
Engineering & Construction Management	\$20,400,000	\$13,000,000	\$7,400,000	\$20,400,000
Procurement	\$283,000,000	\$270,666,378	\$12,333,622	\$283,000,000
Construction	\$207,200,000	\$150,000,000	\$57,200,000	\$207,200,000
Spare Parts	\$2,000,000	0	\$ 2,000,000	\$2,000,000
Authority Direct/Indirect	\$14,400,000	\$6,000,000	\$8,400,000	\$14,400,000
Total	\$530,000,000	\$441,666,378	\$88,333,622	\$530,000,000

AND BE IT FURTHER RESOLVED, That Operation and Maintenance expenditures are hereby approved to be committed in accordance with the Authority’s Expenditure Authorization Procedures for the Power Now! Generation Project, in the amounts and for the purposes listed below:

<u>Description</u>	<u>Current Estimate</u>
Maintenance Contract	\$1,260,000
Materials	\$500,000
Demineralized Water	\$1,265,000
Ammonia	\$55,000
City Water	\$550,000
Warehouse	\$70,000
Security	\$100,000
Total	\$3,800,000

AND BE IT FURTHER RESOLVED, That pursuant to the Guidelines for Procurement Contracts and Expenditure Authorization Procedures adopted by the Authority, additional compensation ceiling to support the general work contract with Slattery Skanska, Inc., for the Power Now! Generation Project be, and hereby is, approved as recommended in the foregoing report of the Executive Vice President – Project Operations, in the amount and for the purpose listed below:

Capital

**Power Now! Generation Project -
General Work Contract for
Installation of 11 Gas Turbine Generators**

Slattery Skanska Inc. (4500036589)

Current Request	\$ 20,000,000
Previously Approved Amount	<u>\$150,000,000</u>
REVISED COMPENSATION CEILING	<u>\$170,000,000</u>

8. Power Now! Generation - Fuel Cell Emissions Offset Project – Agreement and Expenditure Authorization

The President submitted the following report:

SUMMARY

“The Trustees are requested to authorize an expenditure of up to \$12,950,000 for procurement, permitting, design, engineering, installation and other costs associated with the installation of up to eight 200 kW fuel cell power plants (the "Fuel Cell Emissions Offset Project"), powered by anaerobic digester gas ('ADG'). The fuel cells will be installed at New York City ('NYC') wastewater treatment plants located in close proximity to the proposed Power Now! Generation combustion turbine sites.

“The Trustees are also requested to authorize the President to solicit bids for the manufacture and delivery of up to eight fuel cell power plants, to select entities to supply such fuel cell power plants based on such solicitation, and to enter into agreements for such manufacture and delivery, provided that the aggregate amount to be paid under such agreements shall not exceed \$7.92 million.

“The Trustees are also requested to authorize the issuance of Series 1 and 2 Commercial Paper Notes to fund costs associated with the Fuel Cell Emissions Offset Project.

BACKGROUND

“The Authority is in the process of installing ten gas-turbine generators in NYC to help stave off blackouts and electricity price spikes this summer. The Authority pledged that it would offset any emissions, however small, from these generators to achieve 'zero net emissions' for the program. This will be accomplished by installing and operating eight fuel cells at NYC wastewater treatment plants located in close proximity to the proposed generators.

“Fuel cells are highly efficient and non-polluting power-generating devices. They produce electricity by means of an electrochemical reaction between hydrogen and oxygen. The oxygen is derived from the air. The hydrogen can be derived from any hydrocarbon fuel, including ADG, the by-product of wastewater treatment.

“The Authority is a national leader in application of fuel cell technologies. The Authority has installed three fuel cells, one of which was the world's first fuel cell, powered directly by ADG, at the Yonkers Joint Wastewater Treatment Plant in 1997. The Yonkers fuel cell captures a portion of the otherwise flared ADG and converts it to electricity and heat. All electric and thermal energy produced by the fuel cell is consumed on site.

“The NYC Department of Environmental Protection ('DEP') operates 14 wastewater treatment plants in all five NYC boroughs, and the Authority supplies power to 13 of them. The excess ADG generated by these plants and presently flared is sufficient to conservatively power at least 25 fuel cells. In the last few years DEP requested the Authority's assistance in applying fuel cell technology to reduce the ADG flaring. This project will allow DEP to substantially reduce emissions associated with ADG flaring, while generating electric power and thermal energy on site for the benefit of their wastewater treatment facilities.

DISCUSSION

Environmental Benefits

“The eight fuel cell power plants to be considered for operation at NYC wastewater treatment plants will assure that the Authority meets its gas-turbine generator 'zero net emissions' goals. The total annual regulated flaring emission reductions from eight fuel cells are estimated at 173 tons/year and consist of nitrous oxides, sulfuric oxides, particulates, and carbon monoxide. The total annual regulated emissions from the Power Now! Generation gas turbine generators in NYC are estimated not to exceed 168 tons/year. Based on the above, eight fuel cells will offset the gas-turbine generator emissions by five tons/year and enable the Authority to exceed its 'zero net

emissions' goals. In addition, the fuel cells will reduce carbon dioxide emissions, a green house gas, by approximately 9,200 tons annually.

“The Authority has experience with the operation of ADG fuel cells and has reviewed the environmental impacts associated with the installation and operation of these units. The Director of the Environmental Division, with the concurrence of the Law Department, has determined that the purchase and installation of these units is a Type II action under SEQRA.

Operations

“The Authority will own, operate and maintain the fuel cell power plants. The electricity generated will be sold to DEP at the rate approximating that paid by DEP for Authority power. The fuel cell power plants will contribute an additional clean 1.6 MW to the Authority's in-city generation.

Procurement

“The President would be authorized to solicit bids for the manufacture and delivery of up to eight fuel cell power plants, select entities to supply such fuel cell power plants based on such solicitation, and enter into agreements for such manufacture and delivery, provided that the aggregate amount to be paid under such agreements shall not exceed \$7.92 million.

Authority Generation Benefits

“The installation of the fuel cells would also assist the Authority in providing dependable and environmentally beneficial generation within NYC to serve its southeastern New York governmental customers.

Financing

“The Trustees are also requested to authorize the issuance of Series 1 and 2 Commercial Paper Notes to fund costs associated with the Fuel Cell Emissions Offset Project.

FISCAL INFORMATION

“Payments associated with this project will be made from the proceeds of Series 1 and/or Series 2 Commercial Paper Notes. The total cost to the Authority of up to \$12,950,000 will cover permitting, design, engineering, equipment procurement, construction and Authority direct/indirect expenditures.

“This capital cost is expected to be reduced by up to \$1.6 million by co-funding. Authority staff will seek available co-funding to reduce the overall project cost.

“In the past, Authority staff has obtained \$800,000 in United States Department Of Energy ('US DOE') grants for its four fuel cell installations. Moreover, the Authority has already obtained an additional \$400,000 of US DOE grants for two fuel cell plants for wastewater treatment applications which will be applied toward this project. Staff will work with US DOE to obtain the remaining grants. The US DOE has identified ADG-powered fuel cells as the top priority candidates for federal grants.

To date, the Authority also obtained renewable energy production incentive payments from US DOE for electricity generated by the Authority's renewable energy facilities. The staff will work with US DOE to continue obtaining these incentives.

RECOMMENDATION

“The Director - Research and Technology Development, the Senior Vice President - Energy Services and Technology, and the Senior Vice President - Public and Governmental Affairs recommend that the Trustees

authorize the expenditure of up to \$12,950,000 for the Fuel Cell Emissions Offset Project as described above and authorize the issuance of Series 1 and 2 Commercial Paper Notes to fund the Project.

“It is also recommended that the Trustees authorize the President to solicit bids for the manufacture and delivery of up to eight fuel cell power plants, to select entities to supply such fuel cell power plants based on such solicitation, and to enter into agreements for such manufacture and delivery, provided that the aggregate amount to be paid under such agreements shall not exceed \$7.92 million.

“The Senior Vice President and Chief Financial Officer, 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.”

In response to questions from Chairman Seymour, Mr. Tscherne explained that there are very few manufacturers of this technology. Trustee Carey, noting that the Battery Park City Authority has some experience with fuel cells, inquired whether the Authority’s proposed installation would use technology similar to that used in Yonkers. Mr. Tscherne responded in the affirmative, explaining that the technology has undergone some further improvements recently. In response to questions from the Vice Chairman, Mr. Tscherne stated that the target date for installation is June 2002; however, the Authority would benefit from a significant lead time so as to allow President Zeltmann and staff to negotiate the best possible terms for the manufacture and delivery of the fuel cells, as well as successfully reach the necessary agreements with the City of New York. Mr. Petralia added that the fuel cells are an integral part of the Authority’s efforts, as articulated by the Trustees, to offset emissions associated with the Power Now! Projects.

The following resolution, as recommended by the President, was unanimously adopted as amended:

RESOLVED, That the President is authorized to solicit proposals for the manufacture and delivery of up to eight fuel cells and, based on an evaluation of the proposals received from such solicitation, select one or more entities to supply such fuel cells; and he is further authorized to enter into agreements with such entity or entities selected for the supply of such fuel cells, such agreements having such terms and conditions as he deems necessary or advisable, provided that the aggregate amount to be paid by the Authority under such agreements shall not exceed \$7.92 million and provided further that the form of such agreements shall be subject to the approval of the Executive Vice President, Secretary and General Counsel; and be it further

RESOLVED, That in addition to the expenditures authorized by the resolution above, capital expenditures are hereby approved to be committed in accordance with the Authority’s Expenditure Authorization Procedures for the Fuel Cell Emissions Offset Project, as set forth in the foregoing report of the President, in the amount and for the purpose listed below:

<u>Capital</u>	<u>Expenditure Authorization</u>
Additional Authority direct/indirect expenditures associated with the project (other than the costs of the manufacture and delivery of the fuel cells, discussed above), including installation of the fuel cells.	<u>\$5,030,000</u>

RESOLVED, That the Trustees hereby authorize the issuance of Series 1 and Series 2 Commercial Paper Notes to fund the costs associated with the Fuel Cell Emissions Offset Project, as described in the foregoing report of the President; and be it further

RESOLVED, That the Chairman, the Vice Chairman, the President and Chief Operating Officer, the Senior Vice President - Energy Services and Technology, the Treasurer and all other officers of the Authority are, and each hereby is, authorized to do and perform or cause to be done and performed in the name and on behalf of the Authority, all other acts, to execute and deliver or cause to be executed and delivered all other notices, requests, demands, directions, consents, approvals, orders, applications, agreements, including any agreements with the City of New York related to the Fuel Cell Emissions Offset Project, certificates, supplements, and further assurances or other communications of any kind under the corporate seal of the Authority or otherwise as he, she or they may deem necessary, advisable or appropriate to effect the intent of the foregoing resolutions, subject to approval of the form thereof by the Executive Vice President, Secretary and General Counsel.

9. 2000 Annual Report of Procurement Contracts and Annual Review of Open Procurement Contracts

The President submitted the following report:

SUMMARY

“The Trustees are requested to approve the 2000 Annual Report of Procurement Contracts (Exhibit ‘9-A-4’), and the Guidelines for Procurement Contracts (Exhibit ‘9-A-2’), and to review open service contracts exceeding a year as detailed in the Annual Report (Exhibit ‘9-A-3’). An Executive Summary is set forth in Exhibit ‘9-A-1’.

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 a year and awarded after January 1, 1990, are also included in the Annual Report. Open service contracts awarded prior to January 1, 1990, are listed in Exhibit ‘9-A-3’.

DISCUSSION

“The 2000 Annual Report of Procurement Contracts is attached for review and approval by the Trustees (Exhibit ‘9-A-4’). This 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 2000, including contracts awarded in 1990 through 2000 that were completed in 2000, or were extended into 2001. 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 for Procurement Contracts, effective April 17, 2001 (Exhibit ‘9-A-2’), is attached to the Report. These Guidelines are substantively the same as the version approved by the Trustees at their meeting of April 18, 2000, with some revisions; the revised Guidelines would exclude a requirement that an Appendix ‘I’, which addresses the New York State Y2K warranty standard, be included with contract documents. All references to Nuclear Procurements have been deleted, as the Authority’s Nuclear Assets were

sold on November 21, 2000. Lastly, the Authority received Advisory # 2000-04 from the New York State Department of Economic Development dated July 2000. The advisory informed the Authority of the amended Economic Development Law Section 145, raising the threshold for the New York State Contract Reporter notification requirements from \$5,000 to \$15,000. The Authority's Guidelines have been amended accordingly (Section 3.I.).

RECOMMENDATION

“The Vice President - Procurement and Real Estate recommends that the Trustees approve the 2000 Annual Report of Procurement Contracts, the Guidelines for Procurement Contracts, and the review of open service contracts as attached hereto in Exhibits ‘9-A-1’ through ‘9-A-4.’

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

Mr. Hoff expressed thanks to Ms. Diane Gil of his staff, and to Mr. Art Brennan, Director – Internal Audits, Law Department, for their invaluable help and assistance in preparing the report.

The following resolution, as recommended by the President, 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 “9-A-4”, and the Guidelines for the use, awarding, monitoring and reporting of Procurement Contracts (Exhibit “9-A-2”) be, and hereby are, approved; and be it further

RESOLVED, That the open service contracts exceeding a year be, and hereby are, reviewed.

10. Authorizations Relating to Commercial Paper Note Program

The President submitted the following report:

SUMMARY

“The Trustees are requested to: (1) authorize the issuance of taxable Series 3 Commercial Paper (‘CP’) Notes to fund Energy Services Program projects; (2) authorize the use of CP Notes of any Series to repay CP Notes of any other Series; and (3) appoint Bear, Stearns & Co. Inc., (‘Bear Stearns’) as an additional Dealer for the marketing of \$50 million of the Authority’s Series 2 CP Notes.

DISCUSSION

“In the past, the Authority has funded its Energy Services Program projects with the use of proceeds of its tax exempt Series 1 CP Notes. In the future, it is possible that prospective projects involving public entities qualifying for the Authority’s Energy Services Program may have characteristics that would prevent the use of tax exempt financing for the projects. For example, a portion of the public facilities may have an impermissible amount of use by a private entity, thereby disqualifying it for tax exempt financing under the Authority’s Program. In addition, legislation currently being considered may result in the expansion of the Authority’s Program to include energy services projects involving private entities for which tax exempt financing would not be available. Consequently, Authority staff recommends that issuance of taxable Series 3 CP Notes be authorized for projects under the Authority’s current and future Energy Services Program.

“Authority staff is also requesting the Trustees to authorize the issuance of CP Notes of any Series to repay CP Notes of any other Series. This authorization would provide increased flexibility for the CP Note program.

“In addition, the Trustees are requested to appoint Bear Stearns as an additional Dealer for the marketing of \$50 million of the Authority’s Series 2 CP Notes. Bear Stearns is currently the Re-marketing Agent for \$50 million of the Authority’s Series 6 Taxable Subordinate Bonds issued in December 2000. It has been determined that the portion of the Power Now! Projects funded by these Bonds can now be financed with tax-exempt commercial paper. Bear Stearns has agreed to re-market the \$50 million as Series 2 Tax Exempt Commercial Paper under terms comparable to those which governed Bear Stearns’ re-marketing of the Series 6 Taxable Subordinate Bonds.

FISCAL INFORMATION

“The cost of the taxable debt financing would be recovered under the Authority’s cost recovery agreements with customers. The conversion of \$50 million of Taxable Subordinate Bonds to Series 2 Tax Exempt Commercial Paper would result in financing savings to the Authority.

RECOMMENDATION

“The Treasurer recommends that the Trustees: (1) authorize the issuance of Series 3 CP Notes to fund projects under the Authority’s current and future Energy Services Program; (2) authorize the use of CP Notes of any Series to repay CP Notes of any other Series; and (3) to appoint Bear, Stearns & Co. Inc., as an additional Dealer for the marketing of \$50 million of the Authority’s Series 2 CP Notes.

“The Senior Vice President - Energy Services and Technology, the Senior Vice President and Chief Financial Officer, 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 Chairman Seymour, Mr. Urbach confirmed that the authorization requested by staff in the proposed resolution would serve to enable Authority staff to timely and effectively switch non-tax-exempt debt to tax-exempt status whenever legally permissible and otherwise appropriate.

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

RESOLVED, That the issuance of Series 3 Commercial Paper Notes is hereby authorized for the funding of projects under the Authority's current and future Energy Services Program; and be it further

RESOLVED, That the issuance of Commercial Paper Notes of any one Series is hereby authorized for the purpose of repaying Commercial Paper Notes of any other Series; and be it further

RESOLVED, That Bear, Stearns & Co. Inc., is appointed as an additional Commercial Paper Dealer for the marketing of \$50 million of the Authority's Series 2 Commercial Paper Notes; and be it further

RESOLVED, That the Treasurer is hereby authorized to enter into a Commercial Paper Dealer Agreement with Bear, Stearns & Co. Inc., for the marketing of \$50 million of the Authority's Series 2 Commercial Paper Notes, having such terms and conditions as the Treasurer deems necessary or advisable and as are consistent with the foregoing report of the President, subject to the approval of the form thereof by the Executive Vice President, Secretary and General Counsel; and be it further

RESOLVED, That the Chairman, the Vice Chairman, the President and Chief Operating Officer and all other officers of the Authority 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 and execute and deliver any and all certificates, agreements and other documents to effectuate the foregoing resolution.

11. New York State 'Keep Cool' Electricity Demand Reduction Program, ENERGY STAR® Public Awareness Campaign and Air Conditioner Bounty

The President submitted the following report:

SUMMARY

“The Trustees are requested to authorize the President and Chief Operating Officer to enter into an agreement with the New York State Energy Research and Development Authority (‘NYSERDA’) to support the coordinated statewide ‘Keep Cool’ program effort to increase public awareness of the need for energy efficiency, promote the use of energy-efficient ENERGY STAR® products, and to provide a bounty program to replace old air conditioners with new high efficiency units.

BACKGROUND

“To address the urgent energy challenges facing New York State in the summer of 2001 and beyond, Governor Pataki has directed state agencies to engage in a variety of initiatives. Among those efforts is a coordinated campaign involving NYSERDA, the Authority, and the Long Island Power Authority (‘LIPA’), in cooperation with the New York State Public Service Commission (‘PSC’), to promote more prudent use of electricity in New York State with an ENERGY STAR® Awareness campaign and an Air Conditioner Bounty program for the purchase of residential ENERGY STAR® room air conditioning equipment and the return of old, inefficient units.

DISCUSSION

“The primary focus of the ‘Keep Cool’ Public Awareness Campaign is the education of consumers on the value of energy-efficiency, providing advice on ways to keep cool during the summer months while controlling energy costs. The public appeal will highlight the need to ‘Use Your Power Sensibly’ coupled with ways to be more energy efficient (e.g., helpful hints on proper sizing of AC units, temperature control, timers, ENERGY STAR® appliances and lighting benefits). Based on NYSERDA’s experience with a promotional effort conducted during the summer of 2000 and the results of focus groups with consumers, retailers and multifamily building owners, the program will employ assorted communications media, including television, radio, newspapers, billboards and direct mail. Promotional material will direct consumers to the 560 participating ENERGY STAR® retailer partners, participating state government websites, and a toll-free consumer hotline. Advertising advocating energy efficiency by encouraging the purchase of ENERGY STAR® products and services has been aired in New York media markets from November 1999 to present.

“Under the Keep Cool Air Conditioner Bounty program, consumers who turn in their old, inefficient air conditioners and purchase a new ENERGY STAR® qualifying unit are eligible to receive a \$75 bounty payment. ENERGY STAR® retailer partners are being trained on the Keep Cool program and will be provided with program information, bounty applications, and other point-of-purchase materials for consumers. Consumers will have the opportunity to turn in their old units either through the retailers’ delivery and removal services, or on their own at convenient drop-off sites in their communities. NYSERDA estimates that 17,000 air conditioners will be turned in under the bounty program. Authority staff will work with NYSERDA staff to incorporate a public housing component to the program similar to the Authority's high-efficiency refrigerator program.

FISCAL INFORMATION

“In total, New York State will invest \$8.6 million in the ‘Keep Cool’ Electricity Demand Reduction program (\$4.6 million for the public awareness campaign and \$4 million for the air conditioner bounty program.). NYSERDA will provide \$4.6 million (\$2.6 million for public awareness and \$2 million for the air conditioner bounty). LIPA will contribute \$2.0 million (\$1 million for each program). The Authority is requested to contribute \$2 million (\$1 million for each program), which would be withdrawn from the Authority's Operating Fund.

RECOMMENDATION

“The Senior Vice President – Public and Governmental Affairs and the Senior Vice President – Energy Services and Technology recommend that the Trustees authorize the President and Chief Operating Officer to enter into an agreement with the New York State Energy Research and Development Authority for the purpose of providing Authority support to the Energy Star Public Awareness Campaign and ‘Keep Cool’ program.

“The Executive Vice President, Secretary and General Counsel, the Executive Vice President - Project Operations, and I concur in the recommendation.”

Chairman Seymour and Trustee Carey requested that the record reflect that they both serve on the board of the New York State Energy Research and Development Authority (“NYSERDA”).

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

RESOLVED, That the energy challenges facing New York State require renewed public attention to the need for energy efficiency; and be it further

RESOLVED, That a coordinated effort among and between New York State agencies and authorities is an effective means to educate consumers to the value of energy efficiency, raise public awareness of the availability of high-efficiency ENERGY STAR[®] products; and be it further

RESOLVED, That the President and Chief Operating Officer of the Authority be, and hereby is, authorized to execute, on behalf of the Authority, an agreement with the New York State Energy Research and Development Authority to provide support by the Authority, including a contribution of up to \$2,000,000 for the “KEEP COOL” Public Awareness Campaign and Air Conditioner Bounty program, to be withdrawn from the Authority's Operating Fund, subject to approval of the form of such agreement by the Executive Vice President, Secretary and General Counsel.

12. **Resolution Memorializing Vice Chairman George Ingalls**

The following resolution, as submitted by the Executive Vice President – Project Operations, was unanimously adopted:

WHEREAS, George L. Ingalls' distinguished 23-year tenure as a Trustee of the New York Power Authority, including 17 years as Vice Chairman, stands as a record that may never be matched and has earned him recognition as one of the towering figures in the Power Authority's history; and

WHEREAS, Mr. Ingalls' service on this Board from 1967 to 1990 spanned the administrations of four Governors and an equal number of Chairmen, as well as the period of the Power Authority's remarkable growth from what was essentially an upstate entity to a statewide utility benefiting all New Yorkers; and

WHEREAS, Mr. Ingalls played a pivotal role in each of the decisions that produced that growth, beginning with the Authority's construction of the Blenheim-Gilboa and FitzPatrick facilities and continuing through its development of major transmission lines linking the Canadian border to downstate New York; and

WHEREAS, Mr. Ingalls brought to his duties as a Trustee an invaluable mastery of the issues, an abiding commitment to principled conduct and a unique blend of courtesy and candor that won him the respect and affection of his many colleagues on the Board and of the staff members who were privileged to work with him; and

WHEREAS, in recognition of his singular contributions to the Power Authority and the people of New York State, the Trustees, following his retirement, voted to name the Blenheim-Gilboa powerhouse in his honor; and

WHEREAS, Mr. Ingalls represented his Binghamton-area district in the New York State Assembly from 1953 to 1967, ascending to the positions of Majority Leader and Minority Leader; and

WHEREAS, his lifetime of accomplishment in public service and as an attorney was presaged by his graduation as a member of Phi Beta Kappa from Amherst College and magna cum laude from the Syracuse University Law School; and

WHEREAS, Mr. Ingalls died on April 10, 2001, at the age of 86;

NOW THEREFORE BE IT RESOLVED, That the Trustees of the Power Authority of the State of New York express their profound regret on the death of George L. Ingalls, their deep gratitude for his extraordinary legacy of service and integrity; and their sincere condolences to his wife, Dorothy; their four children; and their eight grandchildren.

13. **Next Meeting**

“The regular meeting of the Trustees will be held on **Tuesday, May 22, 2001 in the Albany Office at 11:00 a.m.**, unless otherwise designated by the Chairman with the concurrence of the Trustees.”

14. **Closing**

Upon motion made and seconded, the meeting was closed at 1:20 P.M.

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

APRMIN01