

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

November 26, 2002

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

Present: Louis P. Ciminelli, Chairman
Frank S. McCullough, Jr., Vice Chairman
Timothy S. Carey, Trustee
Gerard D. DiMarco, Trustee
Joseph J. Seymour, 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
Vincent C. Vesce	Executive Vice President – Business Services and Administration
H. Kenneth Haase	Senior Vice President – Transmission
Louise M. Morman	Senior Vice President – Marketing, Economic Development and Supply Planning
Robert L. Tscherne	Senior Vice President – Energy Services and Technology
Michael H. Urbach	Senior Vice President and Chief Financial Officer
Carmine J. Clemente	Deputy Secretary and Deputy General Counsel
Arnold M. Bellis	Vice President – Controller
Woodrow W. Crouch	Vice President – Project Management
Anne Wagner-Findeisen	Vice President – Ethics & Regulatory Compliance and Deputy Secretary
John M. Hoff	Vice President – Procurement and Real Estate
Charles I. Lipsky	Vice President - Chief Engineer
Thomas H. Warmath	Vice President and Chief Risk Officer, Energy Risk Assessment and Control
James H. Yates	Vice President – Major Account Marketing & Economic Development
Dennis T. Eccleston	Chief Information Officer
John J. Hahn	Acting Inspector General
George W. Collins	Treasurer
Joseph J. Carline	Assistant General Counsel – Power & Transmission
William Ernsthart	Assistant General Counsel – Finance
Anne Cahill	Senior Attorney II – Regulatory & Contracts
Thomas J. Concadoro	Director - Accounting
Angelo S. Esposito	Director – Energy Services
John B. Hamor	Director – Intergovernmental Affairs
John L. Murphy	Director – Public Relations
John Grzan	Senior Project Manager
Philip Potak	Land Management Specialist
Lawrence Gomez	Facility Manager
Bonnie Fahey	Executive Assistant
Angela D. Graves	Assistant Secretary – Legal Affairs
Andrew J. McLaughlin	Assistant Secretary – Legal Affairs
Noelle Zandri	Secretary to General Counsel
Teresa M. Barrett	Law Assistant
Leticia Remauro	Executive Assistant

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 October 29, 2002 were unanimously adopted.

2. **Financial Reports for the Ten Months Ending October 31, 2002**

Mr. Bellis provided the Financial Reports for the ten month period ending October 31, 2002.

Responding to questions from Trustee Seymour, Mr. Bellis confirmed the strong current financial position of the Authority. Responding to further questions from Trustee Seymour, Messrs. Bellis and Hiney explained that congestion charges as well as sub-zone pricing are reflected in the ISO energy charges. Mr. Hiney further explained that while the Authority is benefiting from higher prices, it is still losing money on the CTs in New York City.

3. **Report from the President and Chief Executive Officer**

At the request of President Zeltmann, Mr. Hiney provided a general overview of his recently completed one-year tenure as Management Committee Chairman of the New York Independent System Operator (“NYISO”).

Mr. Hiney described his service to the NYISO as having been enlightening and professionally rewarding and detailed the many challenges facing the NYISO. Mr. Hiney noted that, while NYISO billing practices have improved, some problems persist and still need to be corrected. He also reported that the NYISO and ISO New England Inc. recently withdrew their joint petition to the Federal Energy Regulatory Commission (“FERC”) which had begun urging the creation of a Northeast Regional Transmission Organization (“NERTO”) for the northeast region. Mr. Hiney expressed thanks to President Zeltmann for the opportunity to work with the NYISO.

4. Motion to Conduct Executive Session

“Mr. Chairman, I move that the Authority conduct an executive session to discuss matters related to a contractual matter relating to a particular person and corporation.”

On motion duly made and seconded, an Executive Session was held at approximately 11:10 a.m. in connection with certain contractual matters relating to particular persons and corporations.

5. Authorization to Provide Temporary Economic Incentive

The President and Chief Executive Officer submitted the following report:

SUMMARY

“The Trustees are requested to authorize a temporary economic incentive of up to \$7 million by the Authority to Alcoa Inc. or any of its subsidiaries (“Alcoa”), conditioned on Alcoa’s commitment to maintain operations at its Massena-East plant through December 31, 2003, with a minimum smelter employment of 400. The incentive would help the plant to meet stringent financial requirements imposed by Alcoa corporate headquarters in Pittsburgh and would ensure the retention of jobs that are vital to the Northern New York economy.

BACKGROUND

“The Authority has had a long and productive relationship with Alcoa, which employs a total of more than 1,500 workers at its Massena plants. Alcoa was the Authority’s first customer, having signed a contract for St. Lawrence power in July 1955, three years before the project began operation. In the years since, the company has used low-cost Authority power to solidify its role as a mainstay of the North Country economy. It marked its 100th anniversary in Massena this summer and is the oldest continuously operating aluminum production plant and fabricating facility in the Western Hemisphere.

“Alcoa acquired the East Plant in May 2000 through a merger with Reynolds Metals Co. (“Reynolds”), the plant’s previous owner. Reynolds had signed a contract for St. Lawrence power in March 1957, and later entered into a contract to receive power from the James A. FitzPatrick Nuclear Power Plant, then owned by the Authority.

“In August 1981, the Authority signed new contracts with Alcoa and Reynolds for continued supply of St. Lawrence power through June 30, 2013, subject to renewal of the project’s federal license in 2003. Alcoa receives 200 megawatts (“MW”) of firm hydroelectric power and 39 MW of interruptible hydropower at the East Plant. The plant also has a 17-MW allocation of FitzPatrick power, of which 13 MW is now being used. Allocations to Alcoa’s Massena-West plant are 174 MW of firm hydroelectric power and 65 MW of interruptible.

“Alcoa’s electricity rates at the Massena facilities are the lowest of any of its plants in North America. This year’s average cost of power at each of the Massena plants, reflecting hydropower and power purchased on the market when interruptible hydro supplies have been unavailable, has been just over _____ per kilowatt hour.

“The East Plant, which employs about 540 workers and produces aluminum foundry ingot and extrusion billet (bars), has been particularly affected by negative conditions impacting the aluminum industry. These include worldwide competition, low prices, high inventories and production cutbacks.

“Overall, Alcoa claims that its profits have fallen 43% in the third quarter of this year and that it wants each plant to produce a 12% return in 2003. Further, it has directed the Massena-East Plant to provide a plan by December 1st to cut the cost of product (“CAP”) for 2003 by about \$23 million.

“A team of management and labor representatives at the plant has been working diligently to identify measures to improve the financial situation of the plant. As a result of the most recent initiative, plans now call for the facility to begin using alumina (the raw material for aluminum production) from Australia early next year, rather than in the middle of the year, as previously intended. This is expected to provide sizable savings.

“Nevertheless, plant officials have notified the Authority, as well as federal and state officials, that the cost of product level mandated by Alcoa headquarters will not be attainable without massive layoffs that would severely impact hundreds of North Country families and the regional economy and could threaten continued operation of the plant. The Authority has been asked to assist in meeting the financial requirement, thereby helping to save jobs that would otherwise be lost.

DISCUSSION

“Following extensive contacts between Authority staff and Alcoa representatives, agreement is close for a plan under which the Authority would provide a temporary economic incentive of up to \$7 million to help the Massena-East plant meet the Alcoa corporate mandate. The incentive would be conditioned on continued operation of the plant through December 31, 2003, with smelter employment of at least 400 (consistent with the plant’s union lay-off agreement).

“Because of the ongoing negotiations, staff proposes that the express terms and conditions of the economic incentive agreement, other than the foregoing amount, operation and employment requirements, be determined by the President and Chief Executive Officer, as he deems necessary or advisable.

“The Authority has proposed, and Alcoa has accepted, several other measures to reduce costs for the Massena operations. These include:

? Renewal through Dec. 31, 2003, of agreements for Alcoa to participate in the Emergency Demand Response and Day-Ahead Demand Reduction programs administered by NYISO. These programs provide for Authority payments to the company when it reduces demand for electricity in response to NYISO requests at times of heavy use.

? Transfer of a portion of the unused hydropower allocation from the West Plant to the East Plant for calendar year 2003, reducing the East Plant’s power costs. Staff anticipates that approximately 3 MW should be available, assuming improved load factor management at the West Plant.

FISCAL INFORMATION

“The temporary economic incentive discussed above will result in lower 2003 revenues and correspondingly higher revenues later when the incentive is repaid.

RECOMMENDATION

“The Vice President - Major Account Marketing and Economic Development recommends that the Trustees authorize an economic incentive by the Authority of up to \$7 million to Alcoa, Incorporated to provide interim financial assistance at the Massena-East plant, contingent upon Alcoa meeting the continued operation and employment conditions discussed above and the execution of an agreement relating to such arrangements and incorporating such terms and conditions as the President and Chief Executive Officer deems necessary or advisable.

“The Executive Vice President, Secretary and General Counsel, the Executive Vice President - Business Services and Administration, the Senior Vice President - Marketing, Economic Development and Supply Planning, the Senior Vice President - Business Services, the Senior Vice President - Public and Governmental Affairs and I concur in the recommendation.”

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

RESOLVED, That the Authority hereby authorizes an economic incentive of up to \$7 million to Alcoa Inc. or any of its subsidiaries (“Alcoa”) to provide interim financial assistance to Alcoa, such incentive to be contingent upon the execution of an agreement on the terms set forth in the accompanying memorandum from the President and Chief Executive Officer, subject to approval as to form by the Executive Vice President, Secretary and General Counsel, and having such terms and conditions as the President and Chief Executive Officer deems necessary or advisable; and be it further

RESOLVED, That the President and Chief Executive Officer, or his designee, is authorized to execute, on behalf of the Authority, an economic incentive to effectuate the foregoing resolution; and be it further

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RESOLVED, That the President and Chief Executive Officer 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, certificates, supplements, and further assurances or other communications or documents 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.

6. Motion to Resume Meeting in Open Session

“Mr. Chairman, I move to resume the meeting in Open Session.”

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

7. Annual Review of Job Commitments

The President and Chief Executive Officer submitted the following report:

SUMMARY

“It is recommended that the Trustees: (1) grant termination authority for four companies, (2) adjust the future job commitment levels for four companies that made productivity improvements and (3) approve the continuation of current power allocations to 27 companies that were below their job commitment levels as set forth in Exhibit ‘7-A’ attached hereto.

BACKGROUND

“Each year, Authority staff (‘staff’) initiates a review of all business power allocations and the customers’ performance against agreed upon job commitments. In 2001, the Authority had 305 contracts with 189 business customers, excluding Power for Jobs (‘PFJ’) agreements. This year’s review covers a total of 273 contracts that require the customer to report job levels for 2001. The contracts reviewed by staff represent overall power allocations of 979.895 MW and total employment commitments of 130,136 jobs. In the aggregate, these customers reported actual employment of 155,948 (155,947.61) jobs. This represents 119.83% of the total job commitment for business customers reporting in 2001. Nevertheless, there are 31 customers with 34 contracts whose actual job levels are below the minimum threshold. One customer that did not meet its contractual commitment is giving back its allocation voluntarily. Two customers that met their job commitment for 2001 went out of business in 2002. In addition, four customers have requested productivity reviews.

“The contracts contain a customer commitment, to retain or add a specific number of jobs. If the actual job level falls below 90% of that commitment, (80% for ‘vintage’ customers, i.e., those having contract allocations prior to 1988), the Authority may reduce that customer’s power allocation proportionately. A company may request a productivity review to have its job commitment reduced if the reduction in employment is due to increased efficiency or improved technology.

DISCUSSION

“This annual review of business power allocations job commitments was conducted against the backdrop of a national economic recession that has hit the State of New York particularly hard. Customers are having difficulty meeting their commitments due to the rapid onset of this recession. Reducing their power allocations would only add to their financial distress. Staff recommends that the Trustees defer action regarding 27 customers not meeting their employment commitment. Brief descriptions of those companies whose actual job levels are below their commitment are reported in Section III.

“However, staff is recommending that four companies have their power allocations terminated as discussed in Section I. Staff also recommends that four companies be allowed to maintain their power allocations at a lower job commitment level to reflect productivity improvements as discussed in Section II. A summary of all contracts discussed in this item is provided as Exhibit ‘7-A’.

Section I.

Allocations Requesting Special Trustee Authorization

Carborundum Abrasives Company, Niagara Falls, Niagara County

Allocation: 1,400 kW of Replacement Power and 500 kW of Expansion Power

Jobs Commitment: 639 jobs and 639 jobs

Background: Carborundum Abrasives Company, in business at this location since 1984, produces sandpaper, grinding discs and foam seals. The company’s abrasives operations closed this summer. The seeded gel operation and grain manufacturing for sandpaper remain unaffected by the shutdown of the abrasives product line, which is

served by another Authority allocation. For the past year Carborundum Abrasives Company averaged 446.75 jobs, i.e., 69.91% of its contractual commitments.

Recommendation: Staff recommends that the Trustees take back Carborundum Abrasives Company's 1,400 kW allocation of Replacement Power and 500 kW allocation of Expansion Power.

Pohlman Foundry Co., Buffalo, Erie County

Allocation: 450 kW of Expansion Power

Jobs Commitment: 72 jobs

Background: Pohlman Foundry Co. ('Pohlman'), in business for over a century, is a high quality jobbing foundry, producing gray and ductile iron castings that are parts of pumps, compressors, turbines, refrigerator units, machine tools and construction equipment. The downturn in the economy has forced the company to close the business. For the past year, Pohlman averaged 54.54 jobs, i.e., 75.75% of its contractual commitment.

Recommendation: Consistent with such commitment, staff recommends that the Trustees take back Pohlman Foundry Co.'s 450 kW allocation of Expansion Power.

Ruco Polymer Corporation, Hicksville, Nassau County

Allocation: 650 kW of Economic Development Power

Jobs Commitment: 108 jobs

Background: Ruco Polymer manufactures polyester compounds that are used to provide specific color and surface characteristics in coating molding and adhesives. The wide variety of finished products incorporating Ruco polymers includes reflective highway signs, spandex elastic, automotive and appliance finishes and shoes. In 2001, Bayer Colors and Coatings purchased Ruco. Bayer is moving the operations out of state due to high manufacturing costs at their current location. Operations should be closed by December 2002. For the past year, Ruco averaged 88.75 jobs, i.e., 82.18% of its employment commitment.

Recommendation: Upon cessation of operations, staff recommends that the Trustees take back Ruco Polymer Corporation's 650 kW allocation of Economic Development Power.

SGL Carbon Corporation, Niagara Falls, Niagara County

Allocation: 3,200 kW of Expansion Power

Jobs Commitment: 188 jobs

Background: SGL Carbon Corporation ('SGL'), the product of several mergers in 1992 and 1993 had been a world leader in the production of carbon and graphite. Particularly, SGL in North America focuses on specialty graphite. SGL has a 'vintage' contract for its Expansion Power. One of the two plants at Niagara Falls closed. For the past two years, SGL Carbon Corporation averaged 138.80 jobs, i.e., 73.83% of its employment commitment.

Recommendation: Staff recommends that the Trustees take back SGL Carbon Corporation's 3,200 kW allocation for the closed plant.

Section II.

Allocations To Continue With Job Commitment Changes For Productivity Improvements

Delphi Automotive Systems, Lockport, Niagara County

Allocation: 14,300 kW of Expansion Power

Jobs Commitment: 6,095 jobs

Background: Delphi Automotive Systems ('Delphi'), formerly a division of General Motors, manufactures radiators, condensers and heaters for General Motors automobiles. Delphi requested a productivity improvement reduction of its job commitment by 346 jobs. The reductions were accomplished through rebalancing of job duties (155 jobs), new methods of manufacturing parts (72 jobs), automation of inspection and machining (17 jobs), and

restructuring of a workstation (26 jobs). Seventy-six of the requested job reductions were not valid reductions. For the past year, Delphi averaged 6,116.92 jobs, i.e., 99.30% of its contractual commitment.

Recommendation: Staff recommends that the Trustees reduce Delphi Automotive Corporation's expansion power allocation's employment commitment by 270 jobs to 5,825 positions.

General Motors Corporation - Powertrain, Buffalo, Erie County

Allocation: 1,100 kW and 800 kW of Expansion Power and 2,000 kW (this allocation is not required to report yet) and 725 kW of Replacement Power

Jobs Commitment: Reporting allocations - 4,072 jobs and Not Reporting allocation - 4,072 base jobs with 44 created jobs

Background: GM Powertrain ('Powertrain'), manufactures engines for several of GM's automobile models including the Chevy Cavalier, GMC Trucks (V8) and Saturn. Powertrain requested a productivity improvement reduction of its job commitment by 183 jobs; the company's reduction comes from rebalancing of job duties along the assembly lines - 79 positions, automation of the inspection of parts process - 20 positions; and new manufacturing processes - 84 positions. For the past year, Powertrain averaged 3,979.17 jobs, i.e., 93.04% of its contractual commitment.

Recommendation: Staff recommends that the Trustees reduce General Motors Corporation - Powertrain's expansion power and replacement power allocations' employment commitment by 183 jobs to a base of 3,889 positions. The replacement power allocation that is not due to report yet will have its employment commitment reduced to 3,889 base jobs with 44 created jobs (3,933).

Outokumpu Copper Inc., Buffalo, Erie County

Allocation: 8060 kW of Replacement Power

Jobs Commitment: 525 jobs

Background: Outokumpu Copper Inc., in business since 1907, manufactures copper and brass sheets and rolls. The company requested a productivity improvement reduction of its job commitment by 20 jobs. Outokumpu's reduction results from: rebalancing of job duties throughout the plant – 14 positions; computerization of inventory processing – 2 positions; new manufacturing process – 2 positions; and restructuring of various workstations – 2 positions. For the past year, Outokumpu averaged 773.33 jobs, i.e., 147.30% of its contractual commitment.

Recommendation: Staff recommends that the Trustees reduce Outokumpu Copper Inc.'s replacement Power allocation's employment commitment by 20 jobs to a base of 505 positions.

Washington Mills Electro Minerals Corporation, Niagara Falls, Niagara County

Allocation: 9,700 kW of Replacement Power

Jobs Commitment: 185 jobs

Background: Washington Mills Electro Minerals Corporation manufactures abrasive grains for sandpaper and grinding wheels. The company requested a productivity improvement reduction of its job commitment by 14 jobs. Ten positions were eliminated due to automation of furnaces, sifters and crushers. New electronic controls on equipment, making them more efficient and reliable further reduced the need for four workers. For the past year, Washington Mills Electro Minerals Corporation averaged 175.00 jobs, i.e., 94.59% of its contractual commitment.

Recommendation: Staff recommends that the Trustees reduce Washington Mills Electro Minerals Corporation's replacement power allocation's employment commitment by 14 jobs to a base of 171 positions.

Section III.

Allocations To Continue With No Change

Bristol-Myers Squibb – Buffalo Technical Operations, Buffalo, Erie County

Allocation: 750 kW of Expansion Power

Jobs Commitment: 450 jobs

Background: Bristol-Myers Squibb manufactures dry skin, anti-inflammatory, and anti-fungal dermatological products. Currently, the company's product line-up is in transition. For the past year, Bristol-Myers Squibb averaged 376.00 jobs, i.e., 83.56% of its contractual commitment. During the past year, the company lost a major company's business, representing 25% of its production, leading to job cuts. However, the company successfully brought a Bristol Myers brand nasal spray production up from North Carolina, which helped maintain the employment level from further cuts. The company foresees a slight growth in 2002.

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

Buffalo Paperboard Corp., Lockport, Niagara County

Allocation: 750 kW of Expansion Power

Jobs Commitment: 100 jobs

Background: Buffalo Paperboard Corp. ('BPC') purchased the mill from Domtar Corp. in 1992 and manufactures paper for gypsum dry wall from recycled fibers. The company lost a major customer, nearly 50% of its customer base, which forced severe curtailment of operations. For the past year, Buffalo Paperboard Corp. averaged 70.75 jobs, i.e., 70.75% of its contractual commitment. Currently, the mill is taking all possible measures to maintain its business; it reduced product capacity to under 50%, and curtailed operations to exact orders on hand. Additionally, company managers are working with all of their suppliers to reduce costs. BPC is currently working on producing alternative paper products to keep them viable, but growth is slow.

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

Carborundum Corp. - Microelectronics, Sanborn, Niagara County

Allocation: 900 kW of Replacement Power

Jobs Commitment: 35 jobs

Background: Carborundum Corp. - Microelectronics develops ceramics to dissipate the heat generated by electrical circuits, in order to make smaller, faster and more powerful computer chips and other heat sensitive devices. The bottom has fallen out of the market for the computer chip industry over the past two years, and the company's business has suffered. For the past two years, Carborundum - Microelectronics averaged 24.51 jobs, i.e., 70.03% of its contractual commitment. Carborundum's structural ceramics facility has given the plant work and the job level has stabilized to around 20 jobs. The plant, though newly fitted to handle the work from the structural ceramics plant, is able to switch back to microelectronics as the industry rebounds. The company has expectations that the microelectronics industry will strongly rebound within a year or two. The Authority's contract is 'vintage' meaning that Carborundum has an 80% rather than 90% minimum to meet of its job commitment.

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

Chase Manhattan Bank, N.A. (JP MorganChase), Brooklyn, Kings County

Allocation: 24,200 kW of Economic Development Power

Jobs Commitment: 5000 jobs

Background: Chase Manhattan Bank's roots go back to 1799, but Chase Manhattan Corp. was formed in a merger in 1955. For the past year Chase Manhattan Bank, N.A. averaged 4,205.83 jobs, i.e., 84.12% of its employment commitment. The Metrotech site, built to house the financial services center in the early 90s has been under construction during this past year, which resulted in an employment drop at that location. However, the building will be fully staffed by the end of this year, at which time the company will be meeting its employment commitment.

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

Client Logic Corporation, Buffalo, Erie County

Allocation: 250 kW of Expansion Power

Jobs Commitment: 307 base jobs and 200 created jobs (507 jobs)

Background: Client Logic Corporation (formerly Upgrade Corporation of America) was founded in 1990, and has its call center located in Buffalo, where it provides technology processing services to the high-tech industry, including inbound and outbound telemarketing, warehousing and fulfillment of products, customer service, remittance transacting and tech support. For the past year, Client Logic averaged 450.75 jobs, i.e., 88.80% of its employment commitment. The company is just a few jobs short of meeting its employment commitment. Client Logic has met its commitment in 2002.

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

Eagle Electric Manufacturing Co., Long Island City, Queens County

Allocation: 500 kW of Municipal Distribution Agency Power

Jobs Commitment: 1,300 jobs

Background: Eagle Electric Manufacturing Co. ('Eagle'), in business for over fifty years, manufactures commercial and residential electric and electronic equipment, including plastic components, wall outlets, plate covers, plugs, switches, lamp cords and adapters. For the past year, Eagle averaged 1,046.58 jobs, i.e., 80.51% of its contractual commitment. The company blames the economy for its shortfall but anticipates meeting its commitment when the economy recovers.

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

Ellanef Manufacturing Corp., Bohemia, Suffolk County

Allocation: 1,300 kW of Municipal Distribution Agency Power

Jobs Commitment: 195 jobs

Background: Ellanef Manufacturing Corp. ('Ellanef'), founded in 1940, is the largest privately held manufacturer of aerospace machined parts and assemblies in the nation. Ellanef manufactures parts for commercial industry and the defense industry; Boeing, NASA, and IBM are major customers. The aerospace industry has not recovered from the recession of 2001, and Ellanef is also suffering due to Boeing's cancellation and delay of aircraft delivery schedules. For the past year, Ellanef averaged 150.08 jobs, i.e., 76.97% of its contractual commitment. The company is taking measures to stay competitive, including purchasing over \$6 million of new equipment, expanding its facility by 15,000 sq.ft. and trying to fill 15 vacant positions.

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

Ferro Electronic Materials, Niagara Falls, Niagara County

Allocation: 3,115 kW and 1,000 kW of Replacement Power

Jobs Commitment: 276 jobs and 257 jobs

Background: Ferro Electronic Materials ('Ferro') is a supplier of dielectric powder to the passive electronic component industry, and zirconia based ceramic powders to industry. Although jobs decreased last year due to an industry downturn, business is coming back, as evidenced by 17 employees being recalled from lay-off this year. Ferro is committed to growth as shown by the purchase of TAM Ceramics and, additionally, the purchase of \$16 million of new equipment for the Niagara Falls facility. New product lines will be coming on during the next year or so. The company expects to increase jobs back to its commitment this year; however, results will be dependent on the economy. For the past year, Ferro averaged 205.58 jobs, i.e., 74.49% and 79.99% of its employment commitments.

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

Fiber Conversion, Inc., Broadalbin, Fulton County

Allocation: 1,000 kW of Economic Development Power

Jobs Commitment: 47 jobs

Background: Fiber Conversion, Inc. ('Fiber'), founded in 1909, recycles textile waste into cotton waste from the textiles, which is then used to manufacture paper products. For the past year Fiber averaged 37.00 jobs, i.e., 78.72% of its employment commitment. Fiber had been hit hard in 2001 by the economic downturn; many of Fiber's suppliers have closed, forcing the company to buy raw materials at higher prices, which in turn hurt business. There has been a slow recovery during 2002 and 4 people have been hired, which places Fiber just over one job short of meeting its commitment. Fiber anticipates meeting its commitment by early next year.

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

Fieldbrook Farms Ice Cream Inc., Dunkirk, Chautauqua County

Allocations: 1,000 kW of Expansion Power and 2,000 kW of Expansion Power

Job Commitments: 600 jobs and 600 jobs

Background: Fieldbrook Farms Ice Cream Inc. ('Fieldbrook Farms'), founded in 1914, is a major producer of ice cream and yogurt products. Fieldbrook Foods Corporation purchased Fieldbrook Farms Inc. this past year. Fieldbrook Farms emerged from bankruptcy this year. For the past year, Fieldbrook Farms averaged 433.42 jobs, i.e., 72.24% of its employment commitments. Employment at the company is growing as new business has been obtained and new business initiatives are also underway. Currently, employment is up to 447 people from a low of 347 workers, and employment is anticipated to grow to 530 in the next year to year and a half.

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

H. M. Quackenbush, Inc., Herkimer, Herkimer County

Allocation: 400 kW Economic Development Power

Jobs Commitment: 110 jobs

Background: H. M. Quackenbush, Inc. ('Quackenbush'), in business since 1871, manufactures housewares and also provides metal plating and finishing services for other companies. For the past year, Quackenbush averaged 97.54 jobs, i.e., 88.67% of its commitment. The company was just over one job short of meeting its commitment last year; however, employment at the company has met the employment commitment level for the first quarter of 2002.

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

Hazeltine Corporation, Greenlawn, Suffolk County

Allocation: 2,900 kW of Economic Development Power

Jobs Commitment: 800 jobs

Background: Hazeltine Corporation, now BAE Systems ('BAE'), founded over 75 years ago and is a high technology electronics manufacturer of products and systems for the Department of Defense. The products are primarily for IFF (identification friend or foe) and ASF (Auto Submarine Warfare). For the past year, BAE averaged 572.08 jobs, i.e., 71.51% of its contractual commitment. The company temporarily closed two facilities for renovation last year. BAE expects to add 350 jobs, bringing them to over 900 employees by the end of 2002.

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

Honeywell International, Buffalo, Erie County

Allocation: 300 kW of Replacement Power

Jobs Commitment: 168 jobs

Background: Honeywell International ('Honeywell'), formerly Allied-Signal Inc., has been a research and development lab since the early 1900s. Honeywell develops and produces atmospherically safe fluorocarbons. For the past year, Honeywell averaged 135.00 jobs, i.e., 80.36% of its contractual commitment. The company had to cut back due to the economic downturn. As the site is a research facility, it is dependent on continued funding from Honeywell businesses. The company foresees growth as the economy improves.

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

Island Container Corp., Wheatley Heights, Suffolk County

Allocation: 450 kW of Economic Development Power

Jobs Commitment: 128 jobs

Background: Island Container Corp. ('Island Container'), founded in 1956, produces corrugated sheets and boxes. For the past year, Island Container averaged 106.67 jobs, i.e., 83.33% of its contractual commitment. Last year, Island Container invested in new equipment to increase production, which should increase employment. Since January, the company hired 5 new employees, which brings it to within a few jobs of its commitment. Island Container anticipates meeting the employment commitment next year.

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

Leica Inc., Depew, Erie County

Allocation: 450 kW Expansion Power

Jobs Commitment: 315 jobs

Background: Leica Inc. ('Leica'), in business under various names since 1838, produces microscopes and precision ophthalmic instruments. For the past year, Leica averaged 272.92 jobs, 86.64% of its commitment. The company expects to meet its contractual commitment in 2003 when the economy improves.

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

Lipe-Rollway Corporation, Liverpool, Onondaga County

Allocation: 1,000kW of Economic Development Power

Jobs Commitment: 280 jobs

Background: Lipe-Rollway Corporation ('Lipe-Rollway') manufactures a broad range of bearing and bar feed attachments for machine tools. The company will be moving to its parent company, Emerson Electronic's headquarters in Syracuse by the end of 2002. For the past year, Lipe-Rollway averaged 249.75 jobs, i.e., 89.20% of its commitment, and is just over one job short of meeting its commitment.

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

Lockheed Martin, Niagara Falls, Niagara County

Allocation: 250 kW of Replacement Power

Jobs Commitment: 45 jobs

Background: Lockheed Martin ('Lockheed') manufactures gravity gradiometer technology for the Navy. Expected business at Lockheed never materialized last year; the company is attempting to grow but growth is slow and Lockheed will not meet the commitment for 2002. For the past year, Lockheed averaged 30.50 jobs, i.e., 67.78% of its contractual commitment.

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

Mele Manufacturing Co., Utica, Oneida County

Allocation: 650 kW of Economic Development Power

Jobs Commitment: 224 jobs

Background: Mele Manufacturing Co. ('Mele'), founded in 1912, manufactures jewelry cases, custom packaging and desk accessories, legal binders and custom injection molding. For the past year, Mele averaged 187.30 jobs, i.e., 83.62% of its contractual commitment. Mele has been going through a transition in recent years, which is nearly complete, by switching from basic full manufacturing to more outsourcing and warehousing of products from

other locations, complementing its plastics manufacturing. Mele is growing and anticipates meeting its employment commitment in 2003.

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

Monofrax Inc., Falconer, Chautauqua County

Allocation: 2,082 kW of Expansion Power

Jobs Commitment: 311 base jobs and 69 created jobs by end of 2001

Background: Monofrax Inc. ('Monofrax') uses an electric furnace ceramic foundry to manufacture Fused Cast Refractories that are primarily used to line melting furnaces production of glass products. For the past year, Monofrax averaged 229.17 jobs, i.e., 60.31% of its contractual commitment. Monofrax expected business to improve over the past couple of years, as it is the lowest-cost, most efficient producer of this product in the world; however, there has been a worldwide downturn in the rebuilding and construction of glass melting furnaces. Forty percent of Monofrax's business is overseas, which has been unfavorably affected by a strong dollar.

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

Native Textiles, Glens Falls, Warren County

Allocation: 1,200 kW of Economic Development Power

Jobs Commitment: 100 jobs

Background: Native Textiles, in business for over 100 years, produces textiles, especially lace and tricot. Native Textiles went through a transition year in 2001. For the past year, Native Textiles averaged 76.08 jobs, i.e., 76.08% of its contractual commitment. Business had been down and, in September 2001, the Vice President of Manufacturing and another private owner purchased the company. Since then, sales have increased, and the mill is running full time. Currently, the company has 88 employees, only two jobs below the minimum. Native Textiles anticipates meeting its employment commitment next year.

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

Oak-Mitsui, Inc., Hoosick Falls, Rensselaer County

Allocation: 4,000 kW of Economic Development Power/ temporarily reduced to 800 kW in October 2001, and further temporarily reduced to 175 kW in October 2002

Jobs Commitment: 140 jobs

Background: Oak-Mitsui, Inc. founded in 1976 as a joint venture, produces electro-deposited copper foil for use in printed wire board applications. For the past year Oak-Mitsui averaged 96.67 jobs, i.e., 69.05% of its employment commitment. Last year, economic conditions created a sudden drop in demand for Oak-Mitsui's product. In turn, the company had to temporarily reduce its workforce.

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

Orion Bus Industries, Oriskany, Oneida County

Allocation: 700 kW of Economic Development Power

Jobs Commitment: 290 base jobs and 173 created jobs

Background: Orion Bus Industries ('Orion'), founded in 1982 manufactures state-of-the-art transit buses. Orion is currently in the middle of a model change. For the past year, the company averaged 409.33 jobs, i.e., 88.41% of its employment commitment. This is the first time Orion is making a line of hybrid-electric buses for mass production. The lull between models caused the job numbers to decline; however, production is ramping up, and the company is recalling people. Currently, Orion is at 450 employees, over 97% of its commitment.

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

Pyron Corporation (North American Höganäs, Inc.), Niagara Falls, Niagara County

Allocation: 1,200 kW of Replacement Power

Jobs Commitment: 120 jobs

Background: Pyron Corporation (North American Höganäs, Inc.) ('Pyron'), founded in 1940, manufactures sponge iron powder and atomized steel powder for powder metallurgical processes. For the past year, Pyron averaged 103.08 jobs, i.e., 85.90% of its employment commitment. The company expects to meet its commitment next year.

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

Sherwood, A Division of Harsco Corp., Lockport, Niagara County

Allocation: 240 kW of Expansion

Jobs Commitment: 339 base jobs and 25 created jobs by the end of May 2002

Background: Sherwood, founded in 1923, manufactures gas control valves and regulators for compressed gas, refrigerants and scuba diving gear. For the past year Sherwood, averaged 282.00 jobs, i.e., 83.19% of its employment commitment. The decline in jobs at the Lockport location was due to a decline in the company's OPD valve business. The decline is temporary, as the OPD business has increased in 2002. Sherwood anticipates meeting its employment commitment in 2003.

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

Syracuse China Company, Syracuse, Onondaga County

Allocation: 2,000 kW of Economic Development Power

Jobs Commitment: 500 jobs

Background: Syracuse China Company ('Syracuse China'), founded in 1871, manufactures high-end china for restaurants, hotels, universities and health care facilities. For the past year, Syracuse China Company averaged 427.92 jobs, 85.58% of its commitment. In 2001, job numbers were trending up and met the employment commitment in September; however, the ensuing economic downturn due to September 11th hurt business and resulted in a job decline in the fourth quarter. The company anticipates meeting its employment commitment in 2003, as the economy picks up.

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

Syroco, Inc., Baldwinsville, Onondaga County

Allocation: 2,000 kW of Economic Development Power

Jobs Commitment: 500 jobs

Background: Syroco, Inc. ('Syroco'), manufactures plastic lawn furniture, accessories and home décor. The company has divisions in California and Arkansas. Syroco had a difficult year due to cool weather during spring with a concurrent decrease in orders from Wal-Mart, a major customer, which, in turn, was experiencing a downturn in its lawn and garden business. For the past year, Syroco averaged 274.25 jobs, i.e., 54.85% of its contractual commitment.

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

World Class Film Corp., Yonkers, Westchester County

Allocation: 1,900 kW of Municipal Distribution Agency Power

Jobs Commitment: 105 base jobs and 25 created jobs

Background: World Class Film Corp. ('WCF'), established in 1992, produces extruded polyethylene film rolls, sheeting and bags. In 2001 the company was sold to TYCO Corporation. For the past year WCF averaged 93.00 jobs, i.e. 71.54% of its commitment. When the company was sold to TYCO, the sales force from WCF was not kept, which explains the drop in the employment level.

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

RECOMMENDATION

“The Manager – Business Power Allocations and Compliance recommends that the Trustees approve reductions in power allocations and job commitments for four companies as described above and set forth in Exhibit ‘7-A’; and that the Trustees adjust the job commitments for four companies due to productivity improvements as described above and set forth in Exhibit ‘7-A’; and that the Trustees defer action with regard to 27 customers not meeting their employment commitments as described above and set forth in Exhibit ‘7-A’.

“In addition, it is recommended that the Trustees authorize the Manager – Business Power Allocations and Compliance to provide written notice to those companies whose power allocations and/or job commitments are being reduced/fully taken back.

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

Mr. Pasquale presented the highlights of staff's recommendations to the Trustees.

Responding to questions from Trustees Carey and Seymour, Mr. Pasquale stated that the proposed deferral of action on the contracts was for one year, with the exception of four allocations for which special Trustee authorization was requested.

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

RESOLVED, That the Authority hereby approves the reduction of power allocations and job commitments to the four companies described in the foregoing report of the President and Chief Executive Officer and as set forth in Exhibit “7-A”; adjusts the future job commitment levels for four companies that made productivity improvements described in the foregoing report of the President and Chief Executive Officer and as set forth in Exhibit “7-A”; and defers action with respect to the 27 other companies described in the foregoing report of the President and Chief Executive Officer and as set forth in Exhibit “7-A”; and be it further

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

Exhibit "7-A"

I. ALLOCATIONS REQUESTING SPECIAL TRUSTEE AUTHORIZATION

Company	Location	Date of Trustee Approval	Type of Power	Allocation kW	Employment Commitment (# of jobs)	Average 2001 Jobs	Average Annual %
Carborundum Abrasives Company	Niagara Falls	Jun 96	EP	500	639	446.75	69.91
Carborundum Abrasives Company	Niagara Falls	May 82	RP	1,400	639	446.75	69.91
Pohlman Foundry Co.	Buffalo	Aug 91	EP	450	72	54.54	75.75
Ruco Polymer Corporation	Hicksville	Jan 92	MDA	650	108	88.75	82.18
SGL Carbon Corporation	Niagara Falls	Dec 88	EP	3,200	188	138.8	73.83

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

Company	Location	Date of Trustee Approval	Type of Power	Allocation kW	Employment Commitment (# of jobs)	Average 2000 Jobs	Average Annual % Achieved	Revised Jobs
Delphi Automotive Systems LLC	Lockport	Dec 88	EP	14,300	6095	5372.48	88.15	5825
G. M. Powertrain - Tonawanda Plant	Buffalo	Sep 97	EP	1,100	4072	3750.50	92.10	3889
G. M. Powertrain - Tonawanda Plant	Buffalo	Jun. 96	EP	800	4072	3750.50	92.10	3889
G. M. Powertrain - Tonawanda Plant	Buffalo	Aug. 97	RP	725	4072	3750.50	92.10	3889
G. M. Powertrain - Tonawanda Plant	Buffalo	Jun. 00	RP	2,000	4116	NA	NA	3933
Outokumpu Copper Inc.	Buffalo	Various	RP	8060	525	773.33	147.30	505
Washington Mills Electro Minerals Co.	Niagara Falls	Dec 86	RP	9,700	185	175.00	94.59	171

EP = Expansion Power,

RP = Replacement Power,

EDP = Economic Development Power,

MDA = Municipal Distribution Agency Power

II. ALLOCATIONS TO CONTINUE WITH NO CHANGE

Company	Location	Date of Trustee Approval	Type of Power	Allocation kW	Employment Commitment (# of jobs)	Average 2001 Jobs	Average Annual % Achieved
Bristol-Myers Squibb Buffalo Technical Operations	Buffalo	Aug 89	EP	750	450	376.00	83.56
Buffalo Paperboard Corp.	Lockport	Nov 92	EP	750	100	70.75	70.75
Carborundum Corp-MicroElectronics	Sanborn	Jan 83	RP	900	35	24.51	70.03
Chase Manhattan Bank, N.A.	Brooklyn	Dec 88	EDP	24,200	5,000	4205.83	84.12
Client Logic	Buffalo	Mar 95	EP	250	507	450.75	88.80
Eagle Electric Manufacturing Co./Copper Wiring Devices	Long Island City	Nov 92	MDA	500	1,300	1046.58	80.51
Ellanef Manufacturing Corporation	Bohemia	May 95	MDA	1,300	195	150.08	76.97
Ferro Electronic Materials	Niagara Falls	Apr 94	RP	3,115	276	205.58	74.49
Ferro Electronic Materials	Niagara Falls	Jan 89	RP	1,000	257	205.58	79.99
Fiber Conversion, Inc.	Brodalbin	Jul 94	EDP	1,000	47	37.00	78.72
Fieldbrook Farms Ice Cream Co.	Dunkirk	Aug 89	EP	2,000	600	433.42	72.24
Fieldbrook Farms Ice Cream Co.	Dunkirk	Nov 91	EP	1,000	600	433.42	72.24
H.M. Quackenbush, Inc.	Herkimer	Jan 95	EDP	400	110	97.54	88.67
Hazeltine Corporation	Greenlawn	Aug 90	EDP	2,900	800	572.08	71.51
Honeywell International	Buffalo	Apr 89	RP	300	168	135.00	80.36
Island Container Corporation	Wheatley Heights	Apr 96	EDP	450	128	106.67	83.33
Leica Inc.	Depew	May 93	EP	450	315	272.92	86.64
Lipe-Rollway Corporation	Liverpool	Aug 93	EDP	1,000	280	249.75	89.20
Lockheed Martin	Niagara Falls	Feb 93	RP	250*	45	30.50	67.78
Mele Manufacturing Co., Inc.	Utica	Jul 94	EDP	650	224	187.30	83.62
Monofrax Inc.	Falconer	Sep 97	EP	2,082	380	229.17	60.31
Native Textiles	Glens Falls	Jul 94	EDP	1,200	100	76.08	76.08
Oak-Mitsui, Inc.	Hoosick Falls	Nov 92	EDP	4,000	140	96.67	69.05
Orion Bus Industries	Oriskany	Aug 90	EDP	700	463	409.33	88.41
Pyron Corporation	Niagara Falls	Apr 94	RP	1,200	120	103.08	85.90
Sherwood, A Division of Harsco Corp.	Lockport	May 99	EP	240	364	282.00	83.19
Syracuse China Company	Syracuse	Jul 94	EDP	2,000	500	427.92	85.58
Syroco, Inc.	Baldwinsville	Jul 94	EDP	2,000	500	274.25	54.85
World Class Film Corp.	Yonkers	Apr 94	MDA	1,900	130	93.00	71.54

8. Amendment and Assignment of Certain Provisions of Contract UD-3 - Long Island Power Authority

The President and Chief Executive Officer submitted the following report:

SUMMARY

“The Trustees are requested to approve the amendment and assignment to Entergy Nuclear FitzPatrick, LLC (‘Entergy’) of certain provisions of Contract UD-3 between the Authority and the Long Island Power Authority (‘LIPA’), effective on January 1, 2004. The amendment and assignment are necessary to allow LIPA to continue to enjoy certain of the benefits of the contract after December 31, 2003, the expiration date of the Authority’s agreement with Entergy to purchase the block of FitzPatrick output used to serve LIPA.

BACKGROUND

“On July 28, 1975, the Authority and the Long Island Lighting Company (‘LILCO’) entered into ‘Contract UD-3 for the Sale, Transmission and Distribution of Power’ from the Authority’s FitzPatrick Nuclear Facility. On May 27, 1998, LIPA acquired (‘LILCO’), and has established an operating subsidiary, the Long Island Lighting Company d/b/a LIPA (‘LIPA’) which is the successor in interest to rights previously held by LILCO under Contract UD-3. Under Contract UD-3, LIPA, as successor to LILCO, purchases 124 megawatts (‘MW’) of FitzPatrick power and associated energy from November 1 to April 30, and 160 MW from May 1 to October 31. On November 21, 2000, the Authority sold the FitzPatrick unit to Entergy Nuclear FitzPatrick, LLC, and simultaneously entered into two power contracts to purchase output from the facility. One of the power contracts, the ‘Agreement Between Entergy Nuclear Fitzpatrick, LLC and Power Authority of the State of New York for the Purchase of Additional Products and Services from the James A. Fitzpatrick Nuclear Power Plant’ (‘Additional Products Contract’) is the source of the output resold by the Authority to LIPA under Contract UD-3, and expires on December 31, 2003.

DISCUSSION

“LIPA has requested that the Authority approve an assignment to Entergy of those provisions of Contract UD-3 relating to the provision of firm, unsupported power to LIPA, effective upon the expiration of the Authority’s Additional Products Contract with Entergy on December 31, 2003. Other provisions of Contract UD-3, including an integral contract entitled ‘Agreement to Purchase Supporting Energy from and Sell Reserve Energy to Long Island Lighting Company’ relate to LIPA’s obligation to provide Supporting Energy and Reserve Energy and transmission service to the Authority. These latter provisions were included in Contract UD-3 in 1975 to firm up FitzPatrick service to any of the Authority’s municipal and High Load Factor customers that might be in LILCO’s service area. There never were any High Load Factor customers in the LILCO territory. Due to the integrated operation of the Authority’s generating facilities and the advent of the New York Independent System Operator’s (‘NYISO’) transmission and energy markets, these provisions are no longer necessary. LIPA requires that the Authority continue to provide transmission service under Contract UD-3 for their FitzPatrick purchase on the Authority’s FitzPatrick-Edic transmission facilities. The transmission service will be subject to the terms and conditions of the NYISO’s Open Access Transmission Tariff.

“It is convenient to LIPA to have the Authority confirm now its intention to proceed with the foregoing amendment and assignment. Although the transaction would not take effect until midnight, December 31, 2003, prompt action by the Authority will facilitate LIPA’s negotiations with Entergy on the settlement of the commercial terms of Contract UD-3 that will take effect after the assignment of Contract UD-3 to Entergy.

“After this transaction is complete, the Authority will be relieved of all its obligations under Contract UD-3, except the transmission service from FitzPatrick to the Edic substation near Marcy, which will continue until terminated by LIPA.

FISCAL INFORMATION

“The proposed transaction will have no financial impact on the Authority.

RECOMMENDATION

“The Director - Supply Planning and Power Contracts and the Assistant General Counsel – Power and Transmission recommend that the Trustees approve the amendment and assignment to Entergy Nuclear FitzPatrick, LLC of certain provisions of Contract UD-3 between the Authority and the Long Island Power Authority, effective on January 1, 2004, as set forth above.

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

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

RESOLVED, That the Trustees approve the amendment and assignment to Entergy of certain provisions of Contract UD-3 between the Authority and the Long Island Power Authority, effective on January 1, 2004, as set forth above; and be it further

RESOLVED, That the Senior Vice President – Marketing, Economic Development and Supply Planning 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 execute any and all documents necessary or desirable to effectuate the foregoing.

9. **Marcy-South Transmission Facilities – Monticello
Maintenance Center – Disposal of Property**

This item was deferred to be included on the Agenda for the December 17, 2002 Trustees' Meeting.

The Trustees agreed unanimously to “table” the proposed action for consideration at the next regular meeting.

10. 500 MW Combined Cycle Project - Approval of the Remainder of Capital Expenditures Increase in Compensation Ceiling – DMJM + Harris

The Executive Vice President - Power Generation submitted the following report:

SUMMARY

“The Trustees are requested to authorize an additional \$418.3 million of the capital expenditures for the 500 MW Combined Cycle Plant at the site of the Charles A. Poletti Power Project; this would increase the overall approved value of the Capital Expenditure Authorization Request (“CEAR”) for this project from the previously authorized amount of \$231.7 million to \$650 million. It is also requested that an additional expenditure commitment of \$7 million be authorized for the Construction Management services contract.

BACKGROUND

“At their meeting of December 15, 1998, the Trustees approved the initiation of a project to install 500 MW of combined cycle capacity at the site of the Poletti Power Project, and authorized \$7.5 million in capital expenditures for the licensing and preliminary engineering services. Subsequently, the Trustees approved additional capital expenditures (listed below) bringing the total authorized amount to \$231.7 million:

<u>Date of Trustees' Meeting</u>	<u>Purpose</u>	<u>Amount Authorized</u>
October 26, 1999	Funding for 2000 towards GE contract for engineering, design and procurement	\$ 23,000,000
December 19, 2000	Funding for 2001 towards GE contract for engineering, design and procurement.	\$ 36,743,273
May 22, 2001	Funding for construction management services with DMJM Harris.	\$ 2,000,000
October 30, 2001	Funding for acquisition of emission reduction credits.	\$ 3,255,000
December 18, 2001	Funding for site preparation contract.	\$6,063,000
February 26, 2002	Funding for January through April 2002.	\$ 44,000,000
July 30, 2002	Funding through December 31, 2002.	\$105,000,000

“As of October 31, 2002, the total amount spent on the Project is \$185 million.

“On October 1, 2002, the New York State Board on Electric Generation Siting and the Environment (“Siting Board”) granted issuance of the Certificate of Environmental Compatibility and Public Need under the Article X Proceeding. On October 8, 2002, the Authority accepted the Certificate. On October 17, 2002, the Public Service Commission approved the Compliance Filing which is a pre-requisite for the start of construction work.

“Engineering and design activities for the Project are complete. All power plant equipment has been released for fabrication. In September 2002, the first equipment, including heat recovery steam generator modules and air cooled condenser parts, were delivered to the site.

“The construction of the 500 MW Project will involve four construction contracts as follows: 1) Site Work Contract for site preparation and installation of foundation piles; 2) General Work Contract for construction and installation of the power plant equipment; 3) Fuel Supply and Bulk Storage Contract for the demolition of existing oil storage tanks and installation of new tanks including fuel oil and gas supply piping and gas metering station; and 4) Transmission Line Contract for the installation of underground and above ground transmission lines for electrical interconnection of the new generating units to Con Edison electric substation.

“At their meeting of December 18, 2001, the Trustees approved award of the site preparation contract in the amount of \$6,063,000. Subsequent to receipt of the Article X Certificate and approval of the Compliance Filing, the site preparation work started on October 21, 2002.

DISCUSSION

“The budget for the project is \$650 million and includes: \$11 million for licensing; \$18 million for engineering, design and construction management; \$255 million for procurement of equipment and materials; \$323.5 million for construction; \$1.5 million for working capital; and \$41 million for the Authority’s internal costs.

“The currently requested additional authorization of \$418.3 million will fund all phases of the project for the remainder of the life of the project. Of the requested amount, \$2.5 million is for legal/licensing and environmental support during construction; \$9.6 million is for engineering and construction management; \$60 million for procurement; \$315.5 million for construction; \$1.5 million for working capital; and \$29 million for the Authority’s direct and indirect costs.

“At present, the project is on schedule for a commercial operation date of February 2005. All procurement contracts are in place. General Electric, the major equipment supplier, has delivered the heat recovery steam generator components to the site. Fabrication of other components is on schedule to support the scheduled in-service date. Of the four major construction contracts, one contractor (site preparation) is already mobilized on site. Separate authorization requests are submitted at this meeting requesting the Trustees approval to award the General Work Contract (\$245 million) and the Fuel Supply and Bulk Storage Contract (\$11 million). The bids for the fourth contract, Transmission Line, were received on November 14, 2002 and approval to award the contract will be sought at the December 17, 2002 Trustees’ Meeting.

“Based on the initial schedule to start the plant construction in early 2002, it was necessary to have a Construction Manager on board by mid 2001. At their meeting of May 22, 2001, the Trustees authorized award of a construction management services contract to DMJM + Harris of New York City in the amount of \$8 million, with an expenditure commitment of \$2 million, for the initial period of 12 months, and an additional \$1 million in July 2002. It is requested that the approved contract value of \$8 million for such construction management services be increased to \$10 million. This increase is due to the extended duration of the construction management services due to delay in the construction start. It is also requested that the expenditure authorized ceiling be increased to \$10 million. This funding will be allocated during the course of the project to support the cash flows necessary to pay the construction management invoices.

FISCAL INFORMATION

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

RECOMMENDATION

“The Vice President - Project Management, the Vice President – Procurement and Real Estate and the Senior Project Manager recommend that, pursuant to the Guidelines for Procurement Contracts adopted by the Authority and the Expenditure Authorization Procedures, the Trustees authorize an additional \$418.3million for the capital expenditures for the 500 MW Combined Cycle Project at the Charles A. Poletti Power Project. It is also

recommended that the Trustees authorize additional expenditure commitment of \$7 million for the Construction Management services to DMJM + Harris.

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

Trustee Carey suggested and the Trustees agreed, that they vote on all three proposed actions relating to the Project at once after all three were presented.

Mr. Grzan presented the highlights of staff's recommendations concerning the DMJM + Harris agreement to the Trustees.

Responding to questions from Chairman Ciminelli and Vice Chairman McCullough, Mr. Grzan explained how the proposed authorization related to the following two memoranda to the Trustees from the President and Chief Executive Officer also concerning the 500 MW Combined Cycle Project (“the Project”).

Responding to questions from Vice Chairman McCullough, Mr. Grzan confirmed that the instant request is to authorize the release of funds to DMJM and is included in the \$650 million overall budget for the Project, and stressed that such budget figure is final.

The following resolution, as recommended by the Executive Vice President – Power Generation, was unanimously adopted.

RESOLVED, That, pursuant to the Guidelines for Procurement Contracts adopted by the Authority and the Expenditure Authorization procedures, additional capital funding is hereby approved to be committed for the 500 MW Combined Cycle Plant at the Charles A. Poletti Power Project site in the amounts and for the purposes listed below:

Description	Current Estimate (\$000's)	Previously Authorized Amount (\$000's)	Current Request (\$000's)	Total Authorized Amount (\$000's)
Legal/Licensing	\$ 11,000	\$ 8,355	\$ 2,465	\$ 11,000
Eng/CM	18,000	8,400	9,600	18,000
Procurement	255,000	194,743	60,257	255,000
Construction	330,000	8,063	321,937	330,000
Working Capital	1,500	0	1,500	1,500
Direct/Indirect	34,500	12,146	22,354	34,500
Total	\$650,000	\$231,707	\$418,293	\$650,000

AND BE IT FURTHER RESOLVED, That pursuant to the Authority’s Expenditure Authorization Procedures, authorization for an additional commitment in the amount of \$7,000,000 to DMJM + HARRIS.

<u>Capital</u>	<u>Contract Award</u>	<u>Previous Authorization</u>	<u>Current Authorization</u>	<u>Total Expenditure Authorization</u>
DMJM+HARRIS	\$8,000,000	\$3,000,000	\$7,000,000	\$10,000,000

11. 500 MW Combined Cycle Project - General Work Contract - Slattery Skanska, Inc - Award

The President and Chief Executive Officer submitted the following report:

SUMMARY

“The Trustees are requested to approve a contract in the amount of \$249,000,000, including an estimated amount of \$1,600,000 for performance and payment bonds, to Slattery Skanska, Inc. of Whitestone, New York for the General Work Contract for the 500 MW Combined Cycle Project.

BACKGROUND

“On October 1, 2002, the New York State Board on Electric Generation Siting and Environmental (‘Siting Board’) issued to the Authority a Certificate of Environmental Compatibility and Public Need under the Article X Proceeding to construct and operate the 500 MW Combined Cycle Project (‘the Project’). On October 8, 2002, the Authority accepted the Certificate. On October 17, 2002, the Public Service Commission approved the Compliance Filing which is a pre-requisite for the start of construction work. The certificate must await the outcome of these hearings and will impact the project schedule.

“The contractor was scheduled to start site work in February 2002, based on the issuance of a final Certificate in February 2002, to support the plant in-service date of May 1, 2004. The contractor cannot start such work due to delays in receiving the final certificate. For each day the certificate receipt is delayed, there will be a day-for-day delay in the in-service date for the new facility. At this time, it is anticipated that the Certificate will be received April 30, 2002. This date corresponds to a new in service date of July 15, 2004.

“Engineering and design activities for the Project are complete. All power plant equipment has been released for fabrication. In September 2002, the first equipment, including heat recovery steam generator modules and air cooled condenser parts, were delivered to the site.

“The construction of the 500 MW Project will involve four construction contracts as follows: 1) Site Work Contract for site preparation and installation of foundation piles; 2) General Work Contract for construction and installation of the power plant equipment; 3) Fuel Supply and Bulk Storage Contract for the demolition of existing oil storage tanks and installation of new tanks including fuel oil and gas supply piping and gas metering station; and 4) Transmission Line Contract for the installation of underground and above-ground transmission lines for electrical interconnection of the new generating units to Con Edison electric substation.

“At their meeting of December 18, 2001, the Trustees approved award of the site preparation contract in the amount of \$6,063,000. Subsequent to receipt of the Article X Certificate and approval of the Compliance Filing, the site preparation work started on October 21, 2002.

“Contract negotiations for the Fuel Supply and Bulk Storage Contract have been finalized and a separate authorization for the contract award is being requested at this meeting. Proposals for the transmission line work for interconnecting the Project generators to the Con Edison substation were received on November 14, 2002. This contract is scheduled to be awarded in December 2002.

DISCUSSION

“A General Work Contract bid package for the construction of the plant was issued for bid in December, 2001. Requests for Proposals were sent to 43 firms, including those identified through the New York State’s Contract Reporter. On April 23, 2002, two proposals were received from the following bidders:

<u>BIDDER</u>	<u>BID PRICE</u>
SLATTERY SKANSKA, INC. Whitestone, New York	\$231,850,000

PERINI/JONES – JOINT VENTURE
Hawthorne, New York

\$288,980,000

“The proposals received from the two bidders, Slattery Skanska, Inc. and the Joint Venture of J.A. Jones Combustion Company and Perini Corp., were reviewed in detail by a committee of Authority Project Management and Procurement Staff, General Electric Company – the supplier of the major plant equipment, Sargent & Lundy – G.E.’s architect engineer for the Project, and the Authority’s Construction Manager, DMJM + Harris.

“Proposals were requested on a lump sum basis. Only Slattery Skanska complied with the requirements of the bid document. The Joint Venture of J.A. Jones and Perini submitted a proposal which fixed only their overhead, supervision and related costs, but left the bulk of the Project construction costs to be paid for based upon actual costs of subcontractors, materials, plant equipment, and consumables as they are incurred.

“Post-bid clarification meetings were held with both bidders; however, due to the higher projected cost of the J.A. Jones/Perini proposal, and that firm’s failure to submit a firm lump sum price for this work, that proposal was not considered further in the evaluation.

“In addition to many bid clarification and negotiation sessions, Slattery Skanska was provided with the construction issue drawings for the Project to identify and include in its price cost any impacts due to changes in the construction issue drawings from the bid issue drawings.

“The negotiated additional cost of the Slattery Skanska proposal is \$15.4 million. This includes \$15.1 million for scope changes and new work defined in the construction issue drawings; \$2.3 million for work included in the bid documents which the contractor took exception to and were resolved in negotiations; \$4.5 million for escalation of the cost of labor and materials due to delay in the construction start from the date included in the bid documents; and a credit of \$6.5 million for negotiated price reductions.

“This results in a net change of \$15.4 million from the original bid price, with a new base contract amount of \$247.3 million. An additional cost of \$1.6 million will be added to cover the cost of performance and payment bonds. Slattery has also agreed to reduce the initial contract amount by approximately \$2.3 million, which will be included as an additional amount to be paid based upon actual costs incurred by Slattery in prosecuting the base contract work. In addition, \$2.8 million for estimated start-up and commissioning costs will not be included in the initial contract price, but will be allocated on an as needed basis as construction work is completed. This results in a revised initial contract award of approximately \$243.8 million, with the balance held as contingency for start-up and commissioning costs and for the additional payment to be made to Slattery depending upon actual cost performance to the base contract price. The total funding requested for the contract award, including start-up, commissioning, and the additional payment depending upon actual cost performance is \$249 million.

“Slattery Skanska has also agreed to other contractual provisions as follows:

1. Responsibility for any labor issues related to delivery of pre-wired skid mounted equipment or material delivered from a foreign supplier.
2. No claims for accumulated impact of Change Orders which may be issued in the future for work scope or other changes.
3. No claims for delays where float is available in the Project Schedule for critical path activities.
4. Although their contract is a fixed lump sum price, Slattery Skanska has agreed to share any costs which are not expended performing the base contract work, below that which its firm lump sum price is based upon. The Authority would receive a credit equal to 65% of such cost savings. As previously stated, Slattery has agreed to reduce its initial contract price by \$2.3 million and cost savings up to this amount will not be subject to this credit.

FISCAL INFORMATION

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

RECOMMENDATION

“The Vice President - Project Management, the Vice President – Procurement and Real Estate and the Senior Project Manager recommend that pursuant to the Guidelines for Procurement Contracts adopted by the Authority and the Expenditure Authorization Procedures, the Trustees approve the award of a General Work Contract for the 500MW Combined Cycle Project in the amount of \$249 million to Slattery Skanska, Inc., which includes the performance and payment bond costs of \$1.6 million, and \$2.8 million for additional contingency start-up and commissioning costs and \$2.3 million as an additional payment depending upon actual cost performance, both of which will not be authorized at this time.

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

Mr. Grzan then presented the highlights of staff's recommendations concerning the Slattery Skanska agreement to the Trustees.

Responding to questions from Trustee Seymour, Mr. Grzan explained why only two firms chose to bid on the proposed construction contract, noting the difficulty of finding construction firms willing to accept the cost and potential liability associated with major projects in New York City. Chairman Ciminelli confirmed that there is a limited pool of contractors willing to work in the City and that, as a result, it is a difficult and challenging market for major construction projects.

Responding to questions from Vice Chairman McCullough, Mr. Grzan noted that Slattery Skanska's bid was the only response which complied with the Authority's request in the RFP for a lump sum price.

Mr. Grzan then turned to Mr. Hoff, who provided a summary of the logistics of the cost-sharing arrangement that the Authority would be entering into as part of the proposed contract. Mr. Hoff also noted that the final costs of this contract would be subject to audit. Responding to questions from Chairman Ciminelli, Mr. Hoff described the significance of Slattery's proposed \$2.3 million reduction in the contract price, explaining that this amount will be included as an additional amount to be paid based upon actual costs incurred by Slattery during the performance of the base contract work.

At this time, Chairman Ciminelli underscored the importance of meeting the 2005 deadline for the 500 MW Combined Cycle Project and opined that the contract with Slattery, while not perfect, represents the best results the Authority could achieve presently and that approval of the contract would allow the Project to go forward as planned.

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

RESOLVED, That, pursuant to the Guidelines for Procurement Contracts adopted by the Authority and the Expenditure Authorization procedures, the General Work Contract for the 500 MW Combined Cycle Project be awarded to Slattery Skanska, Inc., with approval as to form by the Executive Vice President, Secretary and General Counsel and as recommended in the foregoing report of the President and Chief Executive Officer, in the amounts and for the purpose listed below:

<u>Capital</u>	<u>Expenditure Authorization</u>
500 MW Combined Cycle Project General Work Contract Slattery Skanska, Inc.	
Current Request	<u>\$249,000,000</u>
TOTAL AMOUNT AUTHORIZED	<u>\$249,000,000*</u>

* Includes a base contract authorization of \$243.8 million; including the performance and payment bond (\$1.6 million), and an additional amount of \$2.8 million for contingency start-up and commissioning costs to be allocated on an as-needed basis to the contractor, and an amount of \$2.3 million additional amount depending upon actual cost performance not included in the base contract.

**12. 500 MW Combined Cycle Project
Approval To Award for Fuel Supply and Bulk
Storage Contract - Tully Construction Co., Inc.**

The President and Chief Executive Officer submitted the following report:

SUMMARY

“The Trustees are requested to approve a contract in the amount of \$11,864,895 to Tully Construction Co., Inc. of Flushing, New York for the construction of the Fuel Supply and Bulk Storage facilities for the 500 MW Combined Cycle Project (‘the Project’).

BACKGROUND

“At their meeting of October 26, 1999, the Trustees authorized the award of a contract to the General Electric Company (‘GE’) for the engineering, procurement, and delivery of the Power Island components of the 500 MW Combined Cycle Plant at the Charles Poletti Site.

“On October 1, 2002, the Siting Board granted issuance of the Certificate of Environmental Compatibility and Public Need under the Article X Proceeding. On October 8, 2002, the Authority accepted the Certificate on October 8, 2002. On October 17, 2002, the Public Service Commission approved the Compliance Filing which is a pre-requisite for the start of construction work. The certificate must await the outcome of these hearings and will impact the project schedule.

“The contractor was scheduled to start site work in February 2002, based on the issuance of a final Certificate in February 2002, to support the plant in-service date of May 1, 2004. The contractor cannot start such work due to delays in receiving the final certificate. For each day the certificate receipt is delayed, there will be a day-for-day delay in the in-service date for the new facility. At this time, it is anticipated that the Certificate will be received April 30, 2002. This date corresponds to a new in service date of July 15, 2004.

“Engineering and design activities for the Project are complete. All power plant equipment has been released for fabrication. In September 2002, the first equipment, including heat recovery steam generator modules and air cooled condenser parts, were delivered to the site.

“The construction of the 500 MW Project will involve four construction contracts as follows: 1) Site Work Contract for site preparation and installation of foundation piles; 2) General Work Contract for construction and installation of the power plant equipment; 3) Fuel Supply and Bulk Storage Contract for the demolition of existing oil storage tanks and installation of new tanks including fuel oil and gas supply piping and gas metering station; and 4) Transmission Line Contract for the installation of underground and above ground transmission lines for electrical interconnection of the new generating units to Con Edison electric substation.

“At their meeting of December 18, 2001, the Trustees approved award of the site preparation contract in the amount of \$6,063,000. Subsequent to receipt of the Article X Certificate and approval of the Compliance Filing, the site preparation work started on October 21, 2002.

“Contract negotiations for the Fuel Supply and Bulk Storage Contract have been finalized and a separate authorization for the contract award is being requested at this meeting. Proposals for the transmission line work for interconnecting the 500 MW Combined Cycle Project generators to the Con Edison substation were received on November 14, 2002. This contract is scheduled to be awarded in December 2002.

DISCUSSION

“The Fuel Supply and Bulk Storage Contract scope of work includes the following: removal and disposal of residual fuel oil from two existing oil storage tanks; demolition, removal and disposal of two existing fuel oil storage tanks; isolation, cutting, demolition, removal and disposal of selected existing fuel oil piping, valving and supports; cutting, inspection and capping of selected existing fuel oil piping to remain; design, furnishing, delivery

and erection of two new fuel oil storage tanks; furnishing, delivery and installation of all interconnecting fuel oil piping and valving; and furnishing, delivery and installation of all fuel gas piping, valving and metering.

“Construction work for the fuel supply and storage facilities is scheduled to start in the Spring 2003 to support initial start up of the plant in the Fall 2004; however, the contract needs to be awarded at this time in order for the contractor to complete the detail design drawings for the two new tanks and the demolition plans of the two existing tanks. These drawings are required to be submitted to the New York State Department of Environmental Conservation as part of the license application to modify the existing Major Onshore Storage Facility license for the existing tank farm at the Poletti Project. The modified license is needed before start of demolition of the old tanks and the construction of the new tanks.

“In response to a Request for Proposal for the Fuel Supply and Bulk Storage Contract, five lump sum bids were received on May 2, 2002 from the following companies:

<u>BIDDER</u>	<u>BID AMOUNT</u>
Tully Construction Co., Inc. (“Tully” John P. Picone (“Picone”)	\$11,385,535.00 \$11,430,000.00
T. Moriarty & Son, Inc (“Moriarty”)	\$11,634,000.00
Northeast Gen Services (“Northeast”)	\$15,123,013.15
VPH Mechanical / Delaney (“VPH”)	\$27,638,000.00

“The proposals from the three low bidders were evaluated by a committee of Authority Project Management and Procurement Staff, DMJM + Harris (Authority’s Construction Manager) and Burns & Roe (Authority’s Architect Engineer). Northeast and VPH, the two highest bidders, were not considered for further evaluation. As part of the bid evaluation process, the three low bidders were required to provide written clarifications of their proposals including pricing, schedule and scope of work. In addition, post-bid meetings were held to provide the bidders the opportunity to discuss in detail their construction capabilities, understanding of the bidding documents and bid clarifications. As a result of the evaluation process, the three low bidders are deemed to be technically capable of meeting the contract requirements and to have the necessary experience for successful completion of the project.

“During the final round of clarifications with the three low bidders, all were asked to address changes in the scope with respect to interior tank coating, supplying new foam chambers, vehicle emissions requirements (low sulfur fuel and particulate filters for construction vehicles) and deletion of the marine fuel loading arms, to name a few.

“Based on this, all bidders’ prices increased, with Tully remaining the low bidder at their revised bid price of \$11,864,895.

<u>BIDDER</u>	<u>REVISED BID AMOUNT</u>
Tully Construction Co., Inc. (Tully)	\$11,864,895
T. Moriarty & Son, Inc. (Moriarty)	\$12,018,575
John P. Picone (Picone)	\$12,085,475

FISCAL INFORMATION

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

RECOMMENDATION

“The Vice President - Project Management, the Vice President – Procurement and Real Estate and the Senior Project Manager recommend that pursuant to the Guidelines for Procurement Contracts and the Expenditure Authorization Procedures adopted by the Authority, the Trustees approve award of a Fuel Supply and Bulk Storage contract in the amount of \$11,864,895 to Tully Construction Co., Inc.

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

Mr. Grzan presented the highlights of staff's recommendations concerning the proposed fuel supply and bulk storage contract to the Trustees, noting that the Authority had received a number of strong bids for this contract.

Responding to questions from Trustee Seymour, Mr. Grzan explained that New York City building codes require the construction of double-walled tanks. Responding to questions from Trustee Carey, who observed that the New York State Research and Energy Development Authority (“NYSERDA”) is testing methods by which storage tanks could be inspected without being drained and that the Authority should try and take advantage of such technology, if possible, Mr. Grzan said that staff would examine whether the tanks would need to be drained in order to be regularly inspected. Mr. Hiney responded that he would also look into the technology that Trustee Carey described and noted that the double-walled design of the tanks would be advantageous.

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

RESOLVED, That, pursuant to the Guidelines for Procurement Contracts adopted by the Authority and the Expenditure Authorization procedures, the Fuel Supply and Bulk Storage contract for the 500 MW Combined Cycle Project be awarded to Tully Construction Co., Inc., with approval as to form by the Executive Vice President, Secretary and General Counsel and as recommended in the foregoing report of the President and Chief Executive Officer, in the amounts and for the purpose listed below:

<u>Capital</u>	<u>Expenditure Authorization</u>
500 MW Combined Cycle Project Fuel Supply and Bulk Storage Contract Tully Construction Co., Inc.	
Current Request	<u>\$11,864,895</u>
TOTAL AMOUNT AUTHORIZED	<u>\$11,864,895</u>

13. Next Meeting

The next Regular Meeting of the Trustees will be held on **Tuesday, December 17, 2002, at 11:00 a.m., at the Albany Office**, unless otherwise designated by the Chairman with the concurrence of the Trustees.

At this time, Chairman Ciminelli and President Zeltmann both expressed thanks to Mr. Collins for his years of exemplary service to NYPA as Treasurer. Chairman Ciminelli further noted that Mr. Collins is highly regarded by his peers and that his financial expertise would be greatly missed. At President Zeltmann's request, staff presented a cake to Mr. Collins on behalf of his upcoming retirement and in honor of his extraordinary contributions to the Authority's excellent financial standing. Mr. Collins thanked the Trustees, the President, senior management and all of his co-workers for their best wishes, observed that he had been in the right place at the right time, and stated that he had enjoyed his time at the Authority and looked forward to his retirement.

14. Closing

Upon motion duly made and seconded, the meeting was closed at 12:39 P.M.

A handwritten signature in cursive script that reads "David E. Blabey". The signature is written in dark ink and is positioned to the left of the typed name below.

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

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