

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

May 24, 2016

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Minutes of the Regular Meeting of the Power Authority of the State of New York held via video conference at the Clarence D. Rappleyea Building, 123 Main Street, White Plains, New York at approximately 10:00 a.m.

Members of the Board present were:

John R. Koelmel, Chairman
Eugene L. Nicandri, Vice Chairman
Dr. Anne M. Kress, Trustee
Anthony J. Picente, Jr., Trustee
Tracy McKibben, Trustee

| | |
|--------------------|--|
| Gil Quiniones | President and Chief Executive Officer |
| Justin Driscoll | Executive Vice President and General Counsel |
| Robert Lurie | Executive Vice President and Chief Financial Officer |
| Edward Welz | Executive Vice President and Chief Operating Officer |
| Parija Soubhagya | Senior Vice President and Chief Risk Officer |
| Jill Anderson | Senior Vice President – Wholesale Commercial Operations |
| Jennifer Faulkner | Senior Vice President – Internal Audit |
| Joseph Kessler | Senior Vice President – Power Generation |
| James Pasquale | Senior Vice President – Economic Development & Energy Efficiency |
| Kristine Pizzo | Senior Vice President – Human Resources |
| Bradford Van Auken | Senior Vice President – Operations Support Services & Chief Engineer |
| Rocco Iannarelli | Senior Vice President – Corporate Affairs |
| Karen Delince | Vice President and Corporate Secretary |
| John Canale | Vice President – Procurement |
| Keith Hayes | Vice President – Marketing |
| Ethan Riegelhaupt | Vice President – Corporate Communications |
| Thomas Concadoro | Vice President and Controller |
| Carol Geiger-Wank | Chief of Staff to COO and Director Labor Operations |
| Thomas Ho | Senior Director – Operational Risk – Risk Management |
| Thomas Spencer | Senior Director – Enterprise Risk Management |
| Ricardo DaSilva | Director – Strategic Operations |
| Lawrence Mallory | Director – Physical Infrastructure Security |
| Guy Sliker | Director – Integrated Grid |
| Sara Ricci | Business Resiliency Director – Enterprise Risk |
| Maribel Cruz | Manager – Business Power Allocations & Compliance |
| Steven Gosset | Manager – Media Relations |
| Diwan Rajiv | Manager – Strategy Planning and Delivery |
| Silvia Louie | Senior Project Manager – Executive Office/Public and Regulatory Affairs |
| Lorna Johnson | Senior Associate Corporate Secretary |
| Sheila Baughman | Senior Assistant Corporate Secretary |
| Leanore Welz | Senior Department Administrator – Economic Development & Energy Efficiency |
| Peter Prunty | Director – Infrastructure |
| Jaiah Gottor | Manager – Network Services – Infrastructure |
| Joseph Rivera | Network Architect – Infrastructure |
| Glenn Martinez | Senior Network Analyst – Infrastructure |
| James Maffucci | Senior Desktop Support Analyst |
| Trish Hennessy | Photographer – Video & Photographic Services |

Chairman Koelmel presided over the meeting. Corporate Secretary Delince kept the Minutes.

Introduction

Chairman Koelmel welcomed the Trustees and staff members who were present at the meeting. He said that the meeting had been duly noticed as required by the Open Meetings Law and called the meeting to order pursuant to the Authority's Bylaws, Article III, Section 3.

1. **Adoption of the May 24, 2016 Proposed Meeting Agenda**

Upon motion made by Trustee McKibben and seconded by Trustee Picente, the meeting Agenda was adopted.

Conflicts of Interest

Members declared no conflicts of interest based on the list of contractors provided for their review.

2. CONSENT AGENDA:

Upon motion made by Vice Chairman Nicandri and seconded by Trustee McKibben, the Consent Agenda was approved.

a. Governance Matters:

i. Approval of the Minutes

The Minutes of the Annual Meeting held on March 29, 2016 were unanimously adopted.

ii. Amendments to the Authority's By-laws

The President and Chief Executive Officer submitted the following report:

"SUMMARY

The Trustees are requested to amend the Authority's By-laws as recommended by the Governance Committee (Exhibit '2a ii-A'). Deletions are shown by strikethroughs in brackets; additions are shown by bolded and underscored text. The final version of the proposed amended By-laws is attached as Exhibit '2a ii-B.'

BACKGROUND

Article IX of the Authority's By-laws permits the Trustees to amend, alter or repeal any provision or provisions of the By-laws at any annual, regular or special meeting.

DISCUSSION

The Trustees are requested to amend the Authority's By-laws for the purpose of:

- (1) Clarifying the requirements under the Power Authority Act and other provisions of the Public Authorities Law.
- (2) Amending officer titles to accurately describe roles and responsibilities and eliminating officer positions that are obsolete.
- (3) Making some conforming and non-substantive changes.

FISCAL INFORMATION

None.

RECOMMENDATION

The Executive Vice President and General Counsel recommends that the Trustees approve the amendments to the By-laws as recommended by the Governance Committee.

For the reasons stated, I recommend the approval of the above-requested action by adoption of the resolution below."

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

RESOLVED, That the amendments to the By-laws (originally adopted on April 9, 1954, and last amended on May 24, 2016) discussed in the foregoing report of the President and Chief Executive Officer and attached hereto as Exhibit "2a ii-A," be, and hereby are adopted; and be it further

RESOLVED, That the Chairman, the Vice Chairman, the President and Chief Executive Officer, the Chief Operating Officer, and all other officers are, and each of them hereby is, authorized on behalf of the

May 24, 2016

Authority to do any and all things, take any and all actions and execute and deliver any and all agreements, certificates and other documents necessary to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.

iii. **Committee Appointments**

The Chairman submitted the following report:

"SUMMARY

The Trustees are requested to approve the committee appointments indicated below, effective immediately, in accordance with Article V of the By-laws of the Power Authority of the State of New York, as amended May 24, 2016 ('By-laws').

BACKGROUND and DISCUSSION

The following changes in committee composition are recommended in order to achieve an even distribution of assignments for each Trustee. (Change indicated in **bold**.)

Audit Committee

Eugene L. Nicandri (Chair), **John R. Koelmel, Anne Kress**, Anthony J. Picente, Jr., **Tracy B. McKibben**

Finance Committee

Tracy B. McKibben (Chair), John R. Koelmel, **Eugene L. Nicandri, Anne M. Kress, Anthony J. Picente, Jr.**

Governance Committee

Anne M. Kress (Chair), John R. Koelmel, Eugene L. Nicandri, Anthony J. Picente, Jr., **Tracy B. McKibben**

Strategic Planning and Energy Policy Committee

Anthony J. Picente, Jr. (Chair), John R. Koelmel, **Eugene L. Nicandri**, Anne M. Kress, Tracy B. McKibben

RECOMMENDATION

For the reasons stated, I recommend the approval of the above-requested action by adoption of the resolution below."

The following resolution, as submitted by the Chairman, was unanimously adopted.

RESOLVED, That the members of the Audit Committee shall be: Eugene L. Nicandri (Chair), John R. Koelmel, Anne Kress, Anthony J. Picente, Jr., Tracy B. McKibben, effective immediately; and be it further

RESOLVED, That the members of the Finance Committee shall be: Tracy B. McKibben (Chair), John R. Koelmel, Eugene L. Nicandri, Anne M. Kress, Anthony J. Picente, Jr., effective immediately; and be it further

RESOLVED, That the members of the Governance Committee shall be: Anne M. Kress (Chair), John R. Koelmel, Eugene L. Nicandri, Anthony J. Picente, Jr., Tracy B. McKibben, effective immediately; and be it further

RESOLVED, That the members of the Strategic Planning and Energy Policy Committee shall be: Anthony J. Picente, Jr. (Chair), John R. Koelmel, Eugene L. Nicandri, Anne M. Kress, Tracy B. McKibben, effective immediately.

b. Power Allocations:

i. Transfer of Power Allocations

The President and Chief Executive Officer submitted the following report:

"SUMMARY"

The Trustees are requested to approve:

1. transfer of a 375 kilowatt ('kW') Recharge New York ('RNY') Hydropower allocation from a facility of The Specialized Packaging Group, Inc. ('SPG') located at 8800 Sixty Road, Baldwinsville, NY to SPG's facility at 2900 McLane Drive, Baldwinsville, NY, in connection with the transfer of SPG's operations from the Sixty Road facility to the McLane Drive facility, and an adjustment to the term of this allocation as described below;
2. transfer of a 1,430 kW RNY Power allocation from Yeshiva University ('Yeshiva') to Albert Einstein College of Medicine, Inc. ('AECOM'), in connection with AECOM's assumption of operational responsibility for the facility at which the allocation may be used;
3. transfer of a 308 kW RNY Hydropower allocation from Val Tech Holdings, Inc. ('Val Tech') to ENNOVEA, LLC ('ENNOVEA'), in connection with the sale of the business; and
4. transfer of a 2,000 kW Expansion Power ('EP') allocation from BlackRock, Inc. to BlackRock Niagara LLC in connection with the company's formation of a subsidiary to own and operate a new datacenter facility in Western New York for which the EP allocation was awarded.

At its May 23, 2016 meeting, the Economic Development Power Allocation Board ('EDPAB') approved the three RNY power-related allocation transfers.

DISCUSSION

1) SPG Transfer and Allocation Term Adjustment

SPG operates two facilities, one at 8800 Sixty Road in Baldwinsville, NY and another at 2900 McLane Drive in Baldwinsville.

SPG purchased a 375 kilowatt ('kW') RNY Hydropower allocation from the Authority for use at its 8800 Sixty Road facility and a 300 kW RNY Hydropower allocation for use at its 2900 McLane Drive facility. SPG is consolidating operations at its 2900 McLane Drive facility in order to improve production and business efficiencies, and has requested that the 375 kW RNY Hydropower allocation be transferred to the 2900 McLane Drive facility. SPG has indicated that it will agree to meet its job and capital investment commitments associated with the 375 kW RNY Hydropower allocation through employment and investment at the 2900 McLane Drive facility.

If the transfer is approved, SPG and the Authority would enter into a new contract for the 2900 McLane Drive facility. The new contract would incorporate both the 300 kW and the 375 kW RNY Hydropower allocations and the respective job and capital investment commitments applicable to these allocations, in addition to the standard terms and conditions for RNY Power contracts.

In addition to approval of the transfer itself, the parties also seek to extend the term of the 375 kW RNY Hydropower allocation. The term of that allocation is seven years from July 1, 2012 (the date electric service was commenced at the 8800 Sixty Road facility), whereas the term of the 300 kW RNY Hydropower allocation is seven years from January 1, 2013 (the date electric service was commenced at the 2900 McLane Drive facility). Having allocations with different terms at the same facility can

complicate compliance and administration processes. Therefore, the parties are also requesting modification to the term of the 375 kW RNY Hydropower allocation to make it coterminous with the term of the 300 kW RNY Hydropower allocation so that both allocations run for a term of seven years beginning from January 1, 2013.

2) Yeshiva University

Yeshiva University ('Yeshiva') and the Authority are parties to a power sale agreement pursuant to which Yeshiva purchased 1,430 kW of RNY Power (the '1,430 kW RNY Allocation') from the Authority for use at facilities previously known as Albert Einstein College of Medicine ('AECOM'), located at 1300 Morris Park Avenue, Bronx, New York (the 'College Facility').

Yeshiva and AECOM have indicated that, as provided for in two contracts entitled 'Joint Collaboration Agreement' and 'Transition and Master Services Agreement' executed on or about September 9, 2015, AECOM has assumed operational responsibility for the College Facility. Yeshiva and AECOM have requested that the 1,430 kW RNY Allocation be transferred to AECOM and that the Authority consent to an assignment of the power sale agreement by Yeshiva to AECOM.

Yeshiva and AECOM have advised the Authority that operations at the College Facility would be adversely impacted by the loss of the 1,430 kW RNY Allocation. As consideration for a transfer of the 1,430 kW RNY Allocation, AECOM would agree to assume Yeshiva's obligations under the power sale contract and honor Yeshiva's supplemental obligations regarding job and capital investment commitments.

3) Val Tech Holdings, Inc.

Val Tech Holdings, Inc. ('Val Tech') is a custom injection molder of thermoplastic materials with facilities located at 1667 Emerson Street, Rochester, NY (the 'Rochester Facility'). Val Tech is a party to a power sale agreement with the Authority pursuant to which it purchased 308 kW of RNY Hydropower to support its operations at the Rochester Facility.

In connection with an Asset Purchase Agreement between Val Tech, ENNOVEA, LLC ('ENNOVEA') and other parties, Val Tech has agreed to sell the Rochester Facility to ENNOVEA which ENNOVEA will operate. ENNOVEA and Val Tech have advised NYPA that the operations at the Rochester Facility would be adversely impacted by the loss of the RNY Hydropower allocation, and therefore, the parties have requested a transfer of the allocation to ENNOVEA. ENNOVEA has represented that it is prepared to assume Val Tech's obligations under Val Tech's RNY Power contract.

4) BlackRock, Inc.

BlackRock, Inc. ('BlackRock'), an investment management firm headquartered in New York City, was awarded a 2,000 kW allocation of EP at the Trustees' July 31, 2012 meeting. BlackRock committed to build a new datacenter facility in or around Amherst in Western New York, create 25 new permanent jobs, and spend \$37.5 million in connection with the project.

Subsequent to the hydropower award, BlackRock created a subsidiary called BlackRock Niagara LLC ('BN LLC') to facilitate the development of the datacenter project and to ultimately own and operate the facility. The datacenter is nearing completion and BlackRock has requested that the Authority transfer the 2,000 kW EP allocation to BN LLC. BN LLC would be NYPA's co-party to the power sale agreement and hence would be responsible for all supplemental commitments, including the employment and capital investment commitments.

RECOMMENDATION

Staff recommends that the Trustees approve the transfer requests of (i) 375 kW of Recharge New York ('RNY') hydropower from the Specialized Packaging Group ('SPG'); (ii) 1430 kW of RNY hydropower from Yeshiva University to Albert Einstein College of Medicine; 308 kW of RNY hydropower from Val Tech Holdings, Inc. to ENNOVEA, LLC; and 2,000 kW of Expansion Power from BlackRock, Inc. to BlackRock Niagara LLC, as discussed above.

Staff further recommends that the Trustees approve the adjustment to the term of SPG's allocation, subject to the following conditions: (1) there be no material reduction in the base employment levels and capital investment commitments associated with the transferred allocations; and (2) the transfers are addressed in contract documents containing such terms and conditions determined by the Authority to be appropriate to effectuate each transfer.

For the reasons stated, I recommend the approval of the above-requested action by adoption of the resolution below."

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

RESOLVED, That (i) transfer of the 375 kilowatt ("kW") allocation of Recharge New York ("RNY") Hydropower from The Specialized Packaging Group, Inc.'s facility at 8800 Sixty Road, Baldwinsville, New York to its facility at 2900 McLane Drive, Baldwinsville, New York as described in the foregoing report of the President and Chief Executive Officer be, and hereby is, approved, and (ii) the term of such 375 kW RNY Hydropower allocation is modified and extended to run for a term of seven years beginning from January 1, 2013, all subject to such conditions as set forth in the foregoing report of the President and Chief Executive Officer, and be it further

RESOLVED, That the transfer of the 1,430 kW RNY Power allocation from Yeshiva University to Albert Einstein College of Medicine, Inc. as described in the foregoing report of the President and Chief Executive Officer be, and hereby is, approved subject to such conditions as set forth in the foregoing report of the President and Chief Executive Officer; and be it further

RESOLVED, That the transfer of the 308 kW RNY Hydropower allocation from Val Tech Holdings Inc. to ENNOVEA, LLC as described in the foregoing report of the President and Chief Executive Officer be, and hereby is, approved subject to such conditions as set forth in the foregoing report of the President and Chief Executive Officer; and be it further

RESOLVED, That the transfer of the 2,000 kW Expansion Power allocation from BlackRock, Inc. to BlackRock Niagara LLC as described in the foregoing report of the President and Chief Executive Officer be, and hereby is, approved subject to such conditions as

set forth in the foregoing report of the President and Chief Executive Officer; and be it further

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

ii. **Hydropower Allocations – Extensions of Western New York Hydropower Allocations**

The President and Chief Executive Officer submitted the following report:

“SUMMARY

The Trustees are requested to:

- 1) Approve an extension of the Expansion Power (‘EP’) allocation awarded to Metaullics Systems (‘Metaullics’) for use at its Sanborn, NY facility (‘Sanborn facility’). Metaullics’ current allocation, awarded on September 29, 2009, totals 3,500 kilowatts (‘kW’) and is scheduled to expire on May 31, 2016.^{*} However, Metaullics has been unable to use the full EP allocation and meet the job commitments associated with it. Given that hydropower is important to Metaullics’ business, staff recommends that Metaullics’ EP allocation be reduced to 1,100 kW and extended to June 30, 2020, subject to the modified commitments package described below.
- 2) Approve an extension of the 200 kW Replacement Power (‘RP’) allocation awarded to Niagara Coatings Services, Inc. (‘Niagara Coatings’) on April 4, 2011 for use at its Niagara Falls, NY facility (‘Niagara Falls facility’). The RP allocation, which is scheduled to expire on November 30, 2016, would be extended to June 30, 2020. Niagara Coatings would continue its commitment to retain 17 jobs, and agree to a new average annual capital investment commitment of \$50,000.

BACKGROUND

Western New York hydropower consists of both RP and EP. Under Public Authorities Law §1005(13), the Authority may allocate and sell directly or by sale for resale, 250 MW of EP and 445 MW of RP to businesses located within 30 miles of the Niagara Power Project, provided that the amount of EP allocated to businesses in Chautauqua County on January 1, 1987 shall continue to be allocated in such county.

1) **Metaullics**

Metaullics is a leading manufacturer of specialty graphite. It operates a facility in Sanborn, NY. The Authority and Metaullics are parties to a power sale contract that covers two allocations. One is a 500 kW allocation of RP which is scheduled to expire on June 30, 2020, and corresponds to a commitment by Metaullics to maintain 8 jobs. The other – the 3,500 kW EP allocation before the Trustees today – is scheduled to expire on May 31, 2016 and corresponds to commitments by Metaullics to (1) maintain a base employment level of 54 jobs at the Sanborn facility, and (2) make \$25,000 average annual capital investments (i.e., averaged across three years) at the Sanborn facility, through the term of this allocation.

2) **Niagara Coatings**

Niagara Coatings, a leading provider of coating services including industrial painting, surface preparation, lead abatement, tank linings, special coatings, commercial painting and wall coverings, operates a facility in Niagara Falls, NY.

The Authority and Niagara Coatings are parties to a power sale contract that covers the 200 kW RP allocation. The 200 kW RP allocation corresponds to a commitment by Niagara Coatings to maintain

^{*} The allocation was originally awarded at 4,000 kW, but was reduced to 3,500 kW upon agreement of the parties based upon an assessment of Metaullics’ load requirements at the time.

17 jobs at the Niagara Falls facility. Niagara Coatings currently has no annual capital investment commitment.

DISCUSSION

1) Metaullics

Metaullics has requested an extension of its EP allocation. It has represented that hydropower is critical to the success of its business at the Sanborn facility. However, Metaullics concedes it has been unable to use the full extent of its 3,500 kW EP allocation. In addition, it has been unable to meet its commitment to retain 54 jobs. The company is currently in compliance with its capital investment commitment.

Staff has conferred with Metaullics concerning the situation. As a result of these discussions, staff recommends that the Trustees approve an extension of a reduced EP allocation and revised commitments, which Metaullics indicates it can meet and will agree to a reduction of Metaullics' EP allocation from 3,500 kW to 1,100 kW, and an extension of such reduced EP allocation through June 30, 2020, subject to commitments by Metaullics to (i) retain 32 jobs at the Sanborn facility through the term of the extended 1,100 kW EP allocation, and (ii) maintain a \$25,000 average annual capital investment commitment at the Sanborn facility through the term of the extended 1,100 kW EP allocation.

2) Niagara Coatings

Niagara Coatings has requested an extension of its 200 kW RP allocation. It indicates that a key component of the cost-effectiveness of its Niagara Falls operation is the low-cost power associated with its RP allocation.

Niagara Coatings is willing to continue to commit to maintain 17 jobs and undertake a new commitment to invest \$50,000 annually at the Niagara Falls facility through June 30, 2020 in exchange for an extension of the 200 kW RP allocation.

The company is currently in compliance with its contractual commitments for job creation.

Staff recommends that the Trustees approve an extension of the 200 kW RP allocation for Niagara Coatings through June 30, 2020, subject to commitments by Niagara Coatings to (i) continue to retain 17 jobs at the Niagara Falls facility through the term of the extended 200 kW RP allocation, and (ii) make an \$50,000 average annual capital investment (averaged across three years) at the Niagara Falls facility through the term of the extended 200 kW RP allocation.

RECOMMENDATION

The Manager – Business Power Allocations and Compliance recommends that the Trustees approve:

(1) A reduction of Metaullics Systems' ('Metaullics') current Expansion Power ('EP') allocation from 3,500 kW to 1,100 kW, and an extension of such reduced EP allocation through June 30, 2020, subject to commitments by Metaullics to (i) retain 32 jobs at the Sanborn facility through the term of the extended 1,100 kW EP allocation, and (ii) maintain a \$25,000 average annual capital investment commitment at the Sanborn facility through the term of the extended 1,100 kW EP allocation.

(2) An extension of the 200 kW Replacement Power ('RP') allocation awarded to Niagara Coatings Service Inc. ('Niagara Coatings') through June 30, 2020, subject to commitments by Niagara Coatings to (i) continue to retain 17 jobs at the Niagara Falls facility through the term of the extended 200 kW RP allocation, and (ii) make a \$50,000 average annual capital investment

(averaged across three years) at the Niagara Falls facility through the term of the extended 200 kW RP allocation.

For the reasons stated, I recommend the approval of the above-requested action by adoption the resolution below.”

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

RESOLVED, That the Trustees hereby authorize a reduction of the 3,500 kilowatts (“kW”) of Expansion Power (“EP”) allocation awarded to Metaullics Systems (“Metaullics”) on September 29, 2009 to 1,100 kW, and an extension of such 1,100 kW EP allocation through June 30, 2020, subject to rates previously approved by the Trustees, and further subject to commitments by Metaullics to (i) retain 32 jobs at its Sanborn, NY facility through the term of the extended 1,100 kW EP allocation, and (ii) maintain a \$25,000 average annual capital investment commitment at such Sanborn, NY facility through the term of the extended 1,100 kW EP allocation; and be it further

RESOLVED, That the Trustees hereby authorize an extension of the Replacement Power (“RP”) allocation awarded to Niagara Coatings Services, Inc. (“Niagara Coatings”) on April 4, 2011 in the current amount of 200 kW through June 30, 2020, subject to rates previously approved by the Trustees, and further subject to commitments by Niagara Coatings to (i) retain 17 jobs at its Niagara Falls, NY facility through the term of the extended 200 kW RP allocation, and (ii) make a \$50,000 average annual capital investment commitment at such Niagara Falls, NY facility through the term of the extended 200 kW EP allocation; and be it further

RESOLVED, That the extensions of the allocations provided for herein are contingent upon the execution of contract documents containing such terms and conditions determined by the Senior Vice President – Economic Development and Energy Efficiency and the Executive Vice President and General Counsel or their respective designees to be appropriate to effectuate such extensions including, but not limited to, commitments related to base employment levels by the customers; and be it further

RESOLVED, That the Chairman, the Vice Chairman, the President and Chief Executive Officer, the Chief Operating Officer and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things, take any and all actions and execute and deliver any and all

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agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.

c. Procurement (Services) Contracts:

**i. Procurement (Services) Contracts –
Third-Party Brokerage Services –
Contract Awards**

The President and Chief Executive Officer submitted the following report:

“SUMMARY

The Trustees are requested to approve the award of five-year personal service contracts to Amerex Brokers LLC ('Amerex'), of Sugar Land, TX and TFS Energy Futures LLC of Stamford, CT, respectively, for Third-Party Brokerage Services for a total aggregate amount up to \$500,000. The current agreement with Amerex will not expire until the end of January 2018; however, multiple brokers are necessary to leverage more commercial relationships in order to enable NYPA to seek more transaction opportunities at the best prices achievable. To that end, the Authority issued a Request for Proposal ('RFP') prior to the completion date of the existing contract. The current contract will terminate once the new Amerex contract is in place.

BACKGROUND

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

The services are required to provide brokering transactions and/or price discovery for the following products: NYISO capacity market; NYISO power market; natural gas; and various environmental attributes including RGGI CO₂, RECs, and Emission Reduction Credits. The brokered transactions would involve instruments such as swaps, futures, Contracts for Differences ('CFDs'), options, swaptions, heat rates, and locational spreads. In accordance with NYPA's credit risk processes, services are also required to facilitate exchange clearing of transactions with counterparties for which NYPA does not have International Swaps and Derivatives Association ('ISDA') agreements.

DISCUSSION

The Authority solicited proposals from qualified vendors for Third-Party Brokerage Services through an RFP (Q15-5975FS) issued in the New York State *Contract Reporter* on October 20, 2015. Of the twenty-two (22) firms that requested copies of the bid documents, the following two bidders submitted proposals:

Amerex Brokers LLC
Sugar Land, TX 77478

TFS Energy Futures LLC
Stamford CT 06901

Evaluation of the two proposals was done by an Evaluation Committee comprised of the Director of Market Analysis and Hedging as well as the Portfolio Analysts in the group and Procurement. The bid evaluation was based on the technical merits of the proposals, experience and capabilities of the bidders and compliance with the commercial terms and conditions of the RFP. Amerex and TFS Energy Futures took no exceptions or deviations to the commercial terms. The Minority/Women-owned Business Enterprise ('MWBE') requirements on this contract were waived.

Both bidders met the necessary criteria and were deemed qualified to offer the desired services. Therefore, the evaluation team recommends an award to both firms to provide the Third-Party Brokerage Services.

As the need arises for specific brokerage services in support of hedging for NYPA or its customers, NYPA's Market Analysis and Hedging personnel implementing the hedging strategy will utilize these brokers to achieve the best execution (i.e., the highest revenue or lowest cost inclusive of the transaction price, broker fee, and any clearing fees).

FISCAL INFORMATION

The total aggregate amount up to \$500,000 is for a term of five years. These contract awards do not obligate the Authority to a specific level of expenditures. The terms of service shall commence on or about, July 1, 2016 with each contract ending five years after signing. Any payments to be made under these agreements will be paid from the Operating Fund. Any costs associated with transactions executed in support of specific customer agreements will be assigned to those customers.

RECOMMENDATION

The Senior Vice President – Wholesale Commercial Operations and the Director – Market Analysis and Hedging recommend that contracts be awarded to Amerex Brokers LLC and TFS Energy Futures LLC, respectively, for Third-Party Brokerage Services for a total aggregate amount up to \$500,000.

For the reasons stated, I recommend the approval of the above-requested action by adoption of the resolution below.”

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

RESOLVED, That pursuant to the Guidelines for Procurement Contracts adopted by the Authority, approval is hereby granted to award five-year contracts to Amerex Brokers, LLC, and TFS Energy Futures LLC, respectively, for an aggregate total expenditure up to \$500,000, for Third-Party Brokerage Services as recommended in the foregoing report of the President and Chief Executive Officer;

| <u>Contractor</u> | <u>Contract Approval</u> |
|---|--------------------------|
| Amerex Brokers, LLC and TFS Energy Futures LLC | \$500,000 (aggregate) |

(Q15-5975FS)

AND BE IT FURTHER RESOLVED, That the Chairman, the Vice Chairman, the President and Chief Executive Officer, the Chief Operating Officer, all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things, take any and all actions and execute and deliver

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any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.

ii. **Procurement (Services) Contract –
Training Design and Development Project –
Contract Extension**

The President and Chief Executive Officer submitted the following report:

SUMMARY

The Trustees are requested to ratify and approve a nine-month extension of an existing contract (PO #4500257401) with GP Strategies (located in Tampa, Florida), for support of online training development as well as design and development of mechanical apprenticeship courses. Interim approval of this \$186,000 extension was authorized in accordance with the Authority's Guidelines for Procurement Contracts and Expenditure Authorization Procedures, subject to approval by the Trustees at the May 24, 2016 meeting.

BACKGROUND

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

NYPA does not currently have the capability or capacity in-house to support the needs of the organization for mechanical apprenticeship training design and development tasks brought on with the appointment of new apprentices at the Blenheim-Gilboa Project ('B-G') and St. Lawrence Power Plant ('STL'). This is compounded by the projected addition of at least one more apprentice at the Niagara Power Project ('NIA') in 2016, Q2. There is also limited internal capability and capacity to support the volume and technical level of online training development currently being requested by the organization. Contractor support is needed to provide these services, many of which are used to maintain compliance with the Governor's Office of Employee Relations ('GOER') as well as federal and local safety requirements such as those mandated by OSHA and PESH.

DISCUSSION

The contract for this project was awarded to GP Strategies in April of 2015 in the amount of \$245,000 with the intent to transition the work to full-time employees by the end of the 12-month period. While some work has been transitioned to internal employees, the rapidly increasing demand for online development services and renewed focus on apprenticeship programs resulting from the bargaining unit's contract negotiations has made it impossible to internalize this work at the current staffing levels.

To allow for the uninterrupted continuation of NYPA's training design and development activities and in order to meet overall training schedules, interim approval to extend the term of the subject contract was authorized in accordance with the procurement guidelines, subject to the Trustees' approval at the May 24, 2016 meeting.

This extension does not represent any change in the scope of the work and project tasks remain the same as described in the initial agreement.

FISCAL INFORMATION

Contract No. 4500257401 was initially awarded in the amount of \$245,000. The price for the requested extension is \$186,000, making the total contract amount at project conclusion \$431,000.

RECOMMENDATION

The Senior Vice President – Operations Support Services and Chief Engineer, the Vice President – Procurement, and the Executive Vice President and Chief Operating Officer – Operations recommend that the Trustees ratify and approve the extension, through December 31, 2016, of the contract with GP Strategies for online and instructor-led training design and development projects at the additional cost of \$186,000.

For the reasons stated, I recommend the approval of the above-requested action by adoption of the resolution below.”

The following resolution, as submitted 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 Authority’s Expenditure Authorization Procedures, approval is hereby granted to extend through December 31, 2016, at an additional cost of \$186,000, the contract with GP Strategies for online and instructor-led training design and development projects as recommended in the foregoing report of the President and Chief Executive Officer and set forth below:

| <u>Contractor</u> | <u>Contract Approval</u> |
|---|---|
| GP Strategies Tampa, Florida (4500257401) | Nine-month extension to December 31, 2016 at an additional cost of \$186,000 |

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

iii. **Procurement (Services) Contract –
Research and Technology Development Project
with Hydro-Quebec – Contract Extension**

The President and Chief Executive Officer submitted the following report:

SUMMARY

The Trustees are requested to ratify and approve a six-month extension of an existing contract (#4500256657) with Hydro-Quebec (located in Montreal, Quebec, Canada), for improving the dynamic performance of the New York State power grid using advanced closed-loop controls.

Interim approval of this 'no cost' extension was authorized in accordance with the Authority's Guidelines for Procurement Contracts and Expenditure Authorization Procedures, subject to approval by the Trustees at the May 24, 2016 meeting.

BACKGROUND

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

The objective of the project is to perform an engineering study to demonstrate the applicability and potential benefits of using advanced closed-loop controls based on the multi-functional, multi-band power system stabilizer ('MF-MBPSS') technology for wide-area voltage and primary frequency control of the New York State electric power grid.

DISCUSSION

The contract was awarded to Hydro-Quebec in the amount of \$350,000 effective March 23, 2015, with the understanding that all work would be completed in less than 12 months but not to exceed March 22, 2016. This work is being performed under a co-funding agreement between the Authority and the New York State Energy Research and Development Authority ('NYSERDA'). NYSERDA's co-funding to the project is in the amount of \$250,000.

During the course of work, it was realized that some of the tasks involved in the scope of the work were more time-consuming than initially estimated by the Hydro-Quebec and Authority teams. Furthermore, given the research nature of the work, some of the initial assumptions had to be revisited based on new findings, and some new solutions not predicted in the initial proposal had to be investigated. Finally, some unexpected delays in acquiring required data from the New York Independent System Operator ('NYISO') and the time required to sign a Non-Disclosure Agreement ('NDA') between the Authority and Hydro-Quebec extended the time for performing some of the tasks.

To allow for the uninterrupted continuation of the Hydro-Quebec study and in order to meet and maintain the overall project schedule, interim approval to extend the term of the subject contract was authorized in accordance with the procurement guidelines, subject to the Trustee approval at the May 24, 2016 meeting.

This extension does not represent any change in the scope-of-work and project tasks remain the same as described in the initial agreement.

FISCAL INFORMATION

This is a 'no cost' extension of the contract term.

RECOMMENDATION

The Senior Vice President – Technology and Innovation, the Vice President – Procurement, and the Director – Research and Technology Development recommend that the Trustees ratify and approve the extension, through September 30, 2016, of the contract with Hydro-Quebec for improving the dynamic performance of the New York State power grid using advanced closed-loop controls, at no additional cost.

For the reasons stated, I recommend the approval of the above-requested action by adoption of the resolution below.”

The following resolution, as submitted 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 Authority’s Expenditure Authorization Procedures, approval is hereby granted to extend through September 30, 2016, at no additional cost, the contract with Hydro-Quebec for improving the dynamic performance of the New York State power grid using advanced closed-loop controls as recommended in the foregoing report of the President and Chief Executive Officer and set forth below:

| <u>Contractor</u> | <u>Contract Approval</u> |
|--|---|
| Hydro-Quebec Montreal, Quebec, Canada (#4500256657) | Six-month extension to September 30, 2016 at no additional cost |

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

iv. **Procurement (Services) Contract –
St. Lawrence/FDR Power Project – Removal of
Ice Sluice Gates 4, 5 and 6 – Contract Award**

The President and Chief Executive Officer submitted the following report:

SUMMARY

The Trustees are requested to approve the award of a three-year contract in the amount of \$6,330,650, to BVR Construction Company, Inc., ('BVR') of Churchville, NY for the removal of the ice sluice gates and replacement with concrete structures, at the St. Lawrence/FDR Power Project in Massena, NY.

An interim award in the amount of \$150,000 was approved by the President and Chief Executive Officer. Interim funding was requested to allow the Contractor to prepare the engineering design for the Cofferdam.

BACKGROUND

Section 2879 of the Public Authorities Law and the Authority's Guidelines for Procurement Contracts require the Trustees' approval for non-personal services in contracts in excess of \$3 million and contracts involving services to be rendered for a period in excess of one year.

The New York Power Authority ('Authority') and Ontario Power Generation ('OPG') own and operate the St. Lawrence/FDR Power Project / R. H. Saunders Generating Station, which includes the Moses-Saunders Power Dam ('Power Dam') across the St. Lawrence River. The Power Dam has 32 power generating units and six ice sluice gates. Ice sluice gates 1 and 2 are located at the Canadian end of the dam, ice sluice gates 3 and 4 are located at the center of the dam, and ice sluice gates 5 and 6 are located at the United States end of the dam. The ice sluice gates were originally installed in 1958. However, these gates have never been used for the intended purpose of passing ice downstream, are currently inoperable, in the closed position, and serving as a structural component of the Power Dam.

A 2005 engineering inspection indicated that ice sluice drum gates 4, 5 and 6 have experienced extensive corrosion. Additionally, an ice study was performed in 2010 by Clarkson University, Dr. H.T. Shen, which concluded that these ice sluice gates are not needed for the operation for the power project. Also, since these gates were never needed for the purpose of passing ice downstream, complete replacement of the gates with a concrete structure was found to be more cost-effective and financially favorable than repairing the gates.

DISCUSSION

In response to the Authority's Request for Proposal (Q15-6002HM) advertised in the New York State *Contract Reporter* on December 18, 2015, three (3) proposals were received on February 23, 2016 to remove the Ice Sluice Gates at the St. Lawrence/FDR Power Project, Massena NY.

| <u>Bidder</u> | <u>Evaluated Price</u> |
|---|-------------------------------|
| BVR Construction Company, Inc. Churchville, NY | \$6,330,650 |
| Adirondack Mechanical Services, LLC Wilton, NY | \$7,273,200 |
| Hohl Industrial Services, Inc. Tonawanda, NY | \$8,415,000 |

The Authority's cost estimate for this project is \$6,900,000.

The proposals were reviewed by an Evaluation Committee consisting of staff from the St. Lawrence/FDR Power Project, Engineering, Procurement and Project Management.

BVR is the lowest priced, technically qualified bidder which has demonstrated an understanding of the RFP requirements for the work. There are no outstanding exceptions to the Authority's commercial terms and conditions for the work.

FISCAL INFORMATION

Payments associated with this project will be made from the Authority's Operating Fund.

RECOMMENDATION

The Senior Vice President – Operations Support Services and Chief Engineer, the Vice President – Project Management, the Vice President – Engineering, the Regional Manager – Northern NY, the Vice President – Procurement, and the Project Manager recommend that the Trustees approve the award of a three-year contract to BVR Construction Company, Inc. of Churchville, NY in the amount of \$6,330,650 for the removal of the ice sluice gates at the St. Lawrence/FDR Power Project.

For the reasons stated, I recommend the approval of the above-requested action by adoption of the resolution below."

The following resolution, as submitted 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 Authority's Expenditure Authorization Procedures, a three-year contract award in the amount of \$6,330,650 is hereby authorized for the removal of the ice sluice gates and replacement with concrete structures, at the St. Lawrence/FDR Power Project in Massena, NY, as recommended in the foregoing report of the President and Chief Executive Officer;

| <u>Contractor</u> | <u>Contract Approval</u> |
|--|--------------------------|
| BVR Construction Company, Inc. Churchville, NY | <u>\$6,330,650</u> |
| (Q15-6002HM) | |

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

**v. Procurement (Services) Contract –
SENY 500 MW Power Plant – Generator Step-Up
Transformer Refurbishment and Installation –
Contract Award**

The President and Chief Executive Officer submitted the following report:

“SUMMARY

The Trustees are requested to approve the award of a competitively bid contract to General Electric International Inc. ('GE') of Tonawanda, NY, in the amount of \$7.5 million, to provide services in support of the Southeast New York ('SENY') 500 MW Power Plant's (the 'Plant') Generator Step-Up ('GSU') Transformer Refurbishment Project. GE will provide the materials and labor to refurbish the existing failed 7S GSU transformer and overhaul the units currently installed in the 7A and 7B generators.

An interim award in the amount of \$500,000.00 was approved by the President and Chief Executive Officer to start contractor submissions and preparations.

BACKGROUND

Section 2879 of the Public Authorities Law and the Authority's Guidelines for Procurement Contracts require the Trustees' approval for procurement contracts involving services to be rendered for a period in excess of one year. Also, in accordance with the Authority's Expenditure Authorization Procedures, the award of construction contracts exceeding \$3 million require the Trustees' approval.

The 500 MW Power Plant was commissioned in December 2005. The Plant was designed with three Fortune Electric GSU transformers, one for each of the generators (7S, 7A and 7B). All three transformers were commissioned at approximately the same time and are of the same model, vintage, design and manufacturer.

In September 2015, the Plant and WPO engineering staff decided to perform a forensic study to determine the cause of the failure of one of the GSU transformers that occurred in April 2015; it was determined that the Unit had a fault due to improper/restricted designed cooling passages around the transformer coils. It was also confirmed that the other two units, 7A and 7B, which are of the same vintage, have the same design flaw and do not meet current IEEE transformer cooling design standards.

This design flaw in the original 7A and 7B GSUs makes the 500 MW Plant vulnerable to an unpredictable failure of either transformer, or both, jeopardizing the safe and reliable operation of the Plant. Also, after April 2015, the Plant no longer has the contingency of a spare transformer. These types of units are costly and known to have lead times in the 12-month or more range.

The Plant and WPO engineering staff also explored various options in order to proactively sustain the Plant's reliability and safe operation. The best time and financially efficient means to accomplish this was to refurbish the failed GSU transformer and the existing 7A and 7B units with improved designed coils.

The Authority will utilize GE's services to provide materials and labor to refurbish three GSU transformers at the Plant. The objective is to refurbish and replace one transformer per year over the next three years. This will ensure that the units in service meet current cooling standards and restore the resilience of the Plant by keeping the spare transformer available at the end of this project.

DISCUSSION

In response to the Authority's Request for Proposal (Q15-5996HM) advertised in the New York State *Contract Reporter* on November 25, 2015, on Wednesday, December 22, 2015, one proposal was received from GE. A post-bid Addendum was issued on January 21, 2016 requiring the work be performed at the bidder's facility instead of NYPA's site.

The proposal was reviewed by an Evaluation Committee consisting of staff members from Poletti Operations, Procurement, and Mechanical Maintenance.

GE has demonstrated that it has the capability to perform this task and upgrade the units to the current required specification and can perform this task under the narrow time frames required by the Authority.

FISCAL INFORMATION

Payments associated with this project will be made from the Authority's O&M budget.

RECOMMENDATION

The Senior Vice President – Operations Support Services and Chief Engineer, the Senior Vice President – Power Generation, the Regional Manager – SENY Operations, the Technical Services Superintendent – SENY Maintenance, and the Vice President – Procurement recommend that the Trustees approve the award of a five-year contract to General Electric International Inc. of Tonawanda, NY, in the amount of \$7.5 million, for the Generator Step-Up Transformer Refurbishment Project at the 500 MW Power Plant.

For the reasons stated, I recommend the approval of the above-requested action by adoption of the resolution below."

The following resolution, as submitted 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 Authority's Expenditure Authorization Procedures, a contract award to General Electric International, Inc. of Tonawanda, NY, in the amount of \$7.5 million, to refurbish, overhaul and install the SENY 500 MW Power Plant's Generator Step-Up ("GSU") Transformers is hereby authorized:

| <u>Contractor</u> | <u>Contract Approval</u> |
|--|---------------------------|
| General Electric International, Inc. Tonawanda, NY | <u>\$7,500,000</u> |
| (Q15-5996HM) | |

AND BE IT FURTHER RESOLVED, That the Chairman, the Vice Chairman, the President and Chief Executive Officer, the Chief Operating Officer, all other officers of the Authority and the Vice President of Procurement are, and each of them hereby is,

authorized on behalf of the Authority to do any and all things and take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.

vi. **Procurement (Services) Contract –
SENY and WPO Facilities – Uniformed
Security Guard Services – Contract Award**

The President and Chief Executive Officer submitted the following report:

SUMMARY

The Trustees are requested to approve the award of a five-year contract, in the amount of \$15 million, to G4S Secure Solutions USA, Inc. ('G4S') of Elmsford, NY to provide uniformed security guard services at NYPA's facilities in the Southeast New York ('SENY') Region and at the White Plains Office.

Interim approval of this contract in the amount of \$750,000 was authorized in accordance with the Authority's Guidelines for Procurement Contracts and Expenditure Authorization Procedures, subject to approval by the Board of Trustees at its May 24, 2016 meeting.

BACKGROUND

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

The Authority's Expenditure Authorization Procedures ('EAPs') require the Trustees' approval for the award of non-personal services, construction, equipment purchase or non-procurement contracts in excess of \$3 million, as well as personal services contracts in excess of \$1 million if low bidder, or \$500,000 if sole-source, single-source or non-low bidder.

The uniformed security guard services contract provides for NYS Licensed Security Guards to be posted at NYPA's White Plains Office and SENY facilities on a 24x7 basis, 365 days a year. Security guard services also include real-time monitoring of security systems, processing visitors, conducting security patrols, writing reports, maintaining logs, and responding to incidents. Additionally, the uniformed security guard services contract will require that the contractor supply equipment, materials and supplies, including uniforms. In addition, separate security guard coverage may be required in response to emergency or contingency events.

DISCUSSION

In response to the Authority's Request for Proposal ('RFP') (Q15-5927RM) advertised in the New York State *Contract Reporter* on December 8, 2015, eighty-six (86) firms downloaded the bid document and fifteen (15) proposals were received on January 7, 2016. Each bidder was requested to submit itemized hourly rates as well as to demonstrate how they would fulfill the requirements included in the Authority's RFP. Based on the review of the bids, the six (6) most qualified bidders were interviewed during qualification meetings. The other nine (9) proposals were evaluated and deemed incomplete, unacceptable, not qualified, or not as robust, as further set forth in the separate Award Recommendation memorandum. The hourly rates provided by 'G4S' were among the lowest across all categories and were the lowest for a standard security officer. In addition to the core services, G4S demonstrated the ability to provide additional value by offering, at no additional cost, a number of program elements including a training program supported by an ISO-registered training institute, a flex force of trained and vetted security guards that can be deployed, as needed, and access to a management software portal. Based on the foregoing, staff recommends the award of a contract to 'G4S', which offers the most robust solution at a reasonable cost.

FISCAL INFORMATION

Funding for this contract will be provided by each facility and has been included in the Operations budget.

RECOMMENDATION

The Vice President – Technical Compliance and the Vice President – Procurement recommend that the Trustees authorize the award of a \$15 million contract for a five-year period from June, 2016 to May, 2020 to G4S Secure Solutions USA, Inc. ('G4S') of Elmsford, NY to provide for uniformed security guard services at NYPA's facilities in the Southeast New York ('SENY') Region and at the White Plains Office.

For the reasons stated, I recommend the approval of the above-requested action by adoption of the resolution below."

The following resolution, as submitted 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 Authority's Expenditure Authorization Procedures, the Trustees hereby authorize the award of a five-year contract to G4S Secure Solutions USA, Inc. of Elmsford, New York, in the amount of \$15 million, to provide for Uniformed Security Guard Services at NYPA's facilities in the Southeast New York ("SENY") Region and at the White Plains Office, as recommended in the foregoing report of the President and Chief Executive Officer;

| <u>Contractor</u> | <u>Contract Approval</u> |
|---|--------------------------|
| G4S Secure Solutions USA, Inc. Elmsford, NY | <u>\$15,000,000</u> |
| (Q15-5927RM) | |

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

vii. **Procurement (Services) Contract –
Vernon Boulevard Small Clean Power
Plant – Shoreline and Bulkhead
Restoration – Contract Award**

The President and Chief Executive Officer submitted the following report:

SUMMARY

The Trustees are requested to approve a single-source award to Terra Cotta, LLC ('Terra Cotta') of Long Island City, Queens, New York, for a duration of three years and a cost not-to-exceed \$3,279,400 to perform shoreline and bulkhead restoration work at the Authority's Vernon Boulevard Small Clean Power Plant ('Vernon') located in Long Island City, Queens, NY.

BACKGROUND

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

Vernon occupies approximately 3.2 acres of land in the Long Island City section of Queens and is bordered by the East River to the west and to the north by an adjacent parcel owned by Terra Cotta. The Vernon and Terra Cotta contiguous shoreline has a collapsed bulkhead which requires replacement. In addition, there are potential soil remediation requirements for the Authority's property which is dependent on bulkhead installation methods.

In 2001, the Authority was directed by the U.S. Army Corps of Engineers ('ACOE') to undertake measures necessary to correct the collapsed bulkhead section on the Authority's premises and stabilize the embankment. The Authority developed a solution to repair the bulkhead and stabilize the shoreline; however, due to pending negotiations with Terra Cotta regarding the Authority's property, the work was placed on hold.

Terra Cotta has placed its and the Authority's property in the Brownfield Cleanup Program ('BCP') to resolve the soil remediation requirements. The initial BCP application, which included the adjacent Terra Cotta property, was submitted to the New York State Department of Environmental Conservation ('DEC') in 2004 and was approved 2006. The Authority's property was submitted and approved in 2009 under Terra Cotta's BCP. Terra Cotta's consultant, Langan Engineering & Environmental Service Inc. ('Langan'), completed an Internal Remedial Measures ('IRM') plan for both parcels of property which was submitted to the DEC for compliance with the BCP. On November 21, 2013, the IRM was approved and, as the signatory, Terra Cotta inherited the rights and obligations of the BCA for both parcels. Permits for the implementation of the IRM bulkhead and shoreline work were received from the DEC and ACOE on October 13, 2013 and January 17, 2014, respectively.

DISCUSSION

The NYSDEC and ACOE permits cannot be utilized by a third party to construct the bulkhead. Also, the design and construction of a single, contiguous bulkhead along the shoreline is the most efficient and cost-effective method to complete the required work. As such, Terra Cotta and the Authority entered into an agreement on April 14, 2016 in which Terra Cotta would complete the work and the Authority would reimburse Terra Cotta up to a not-to-exceed limit of \$3,279,400. This single-source contract is subject to review and approval by the Office of the New York State Comptroller.

The work is anticipated to begin in late 2016 and be completed in 2017. This work is dependent on finalizing the terms and conditions for construction work on the Authority's property. Reimbursement payments to Terra Cotta are expected to begin prior to the year's end.

Terra Cotta's engineering estimate, inclusive of both parcels of property, is depicted as follows:

| | |
|-----------------------------------|----------------------------|
| Engineering and Design | \$ 465,000 |
| Construction Inspection/Oversight | \$ 300,000 |
| Construction/Installation | <u>\$ 4,335,000</u> |
| TOTAL | <u>\$ 5,100,000</u> |

The Authority has reviewed the construction estimate for the work and finds it comparable with current Authority estimates.

FISCAL INFORMATION

Payment associated with this project will be made from the Authority's Vernon Decommissioning Fund.

RECOMMENDATION

The Senior Vice President – Operations Support Services and Chief Engineer, the Vice President – Project Management, the Vice President – Procurement, the Assistant General Counsel – Contracts, Licensing and Environmental, and the Project Manager recommend that the Trustees approve the award of a three-year contract to Terra Cotta LLC, in the amount of \$3,279,400, to perform shoreline restorations and bulkhead replacement work at the Authority's Vernon Boulevard Small Clean Power Plant ('Vernon') located in Long Island City, Queens, NY.

For the reasons stated, I recommend the approval of the above-requested action by adoption of the resolution below."

The following resolution, as submitted 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 Authority's Expenditure Authorization Procedures, expenditures in the not-to-exceed amount of \$3,279,400 and for a duration of three years to Terra Cotta LLC are hereby authorized in accordance with, and as recommended in, the foregoing report of the President and Chief Executive Officer;

| <u>Contractor</u> | <u>Contract Approval</u> |
|--|---------------------------------------|
| Terra Cotta LLC (Long Island City, Queens, New York) | <u>\$3,279,400</u> Three-Year Term |

AND BE IT FURTHER RESOLVED, That the Chairman, the Vice Chairman, the President and Chief Executive Officer, the Chief Operating Officer, all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things and take any and all actions and execute and

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deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.

d. Strategic Initiatives:

**i. Employee Resource Requirements –
Smart Generation/Transmission and
Asset Management Strategic Initiatives**

The President and Chief Executive Officer submitted the following report:

“SUMMARY

The Trustees are requested to authorize the conversion of twenty-four (24) contractors to permanent employees and the addition of twenty (20) permanent employees to support the Authority's Infrastructure Modernization Strategic Initiatives – Smart Generation & Transmission ('G&T') and Asset Management.

BACKGROUND

Contractor Conversions

The Authority has traditionally relied upon contractors and consultants to manage peaks in workload, including meeting resource needs for large capital, non-recurring O&M, emergent, joint works and third-party reimbursable projects. Although capital budgets have grown over the past seven years, the Authority has not responded by adding staff needed to support the increased workload, and as a result, became dependent on long-term contractors and consultants as 'Extension of Staff' to meet its base work load. This situation has become unsustainable for the following reasons:

- In Operations alone, costs for contractors and consultants have increased from \$990k in 2009 to \$13.55 million in 2015 to support new and ongoing projects, a total of over \$52.95 million to date, since 2009.
- Consultants are typically more costly than permanent, full-time employees. A recent analysis performed by Operations comparing the costs of consultants and full-time employees concludes that, on average, consultants are 45% to 78% more costly than permanent employees with similar experience and expertise. While some contractors and consultants will continue to be needed to support peak workload situations and provide specific areas of expertise not available within the Authority, converting the recommended contractors will significantly reduce overall costs of managing the current and planned workload.

Infrastructure Modernization Strategic Initiatives

As part of its Infrastructure Modernization Strategic Initiatives, the Authority has been evaluating numerous projects in terms of technical feasibility and economic attractiveness. This evaluation has resulted in the following projects that have favorable economic benefits and will need to be supported by Authority staff:

- Western New York Energy Link – A new 345 kV transmission circuit to reduce chronic system congestion that inhibits the most efficient generation resources from meeting inter-zonal needs. This project represents New York State Electric and Gas Corporation and the Authority's recommended solution to the New York Independent System Operator's Public Policy Transmission Need.
- Communications Backbone – A fiber optic and microwave system connecting the Authority's facilities across the state. This state-of-the-art backbone is a foundational project that will enable and support a host of Smart Grid and Infrastructure Modernization projects that require significant and secure data traffic.

- Data Analytics and Reference Architecture – An information technology-dominated effort to develop and implement a strong data foundation to support other Smart Grid projects. This project is also a foundational project in that the appropriate up-front data architecture will enable and facilitate many future Smart Grid enhancements.
- Smart Condition Monitoring – This project will enable the Authority to monitor, in real time, the operating condition of its assets such as transformers, power circuit breakers and transmission infrastructure to avoid costly failures and improve overall reliability.
- Next-Generation Energy Management System – A commercial synchronous grid-control system, utilizing high-fidelity sub-second data that provides improved grid observability and situational awareness as well as more automated, real-time control and flexibility to the operators of the grid. Such a system will help optimize power flows, minimize production costs and congestion, and enable faster and more precise reaction to system changes, among other benefits.
- Asset Health Monitoring & Diagnostics Center – Central to both the Smart G&T and the Asset Management Strategic Initiatives is the development of an Asset Health Monitoring & Diagnostics ('M&D') Center. The Asset Health M&D Center will analyze data for critical assets to support smart asset management decisions by optimizing existing and future data streams.
- Asset Management – A Strategic Asset Management Plan aligned to ISO-55000 that will result in greater collaboration, financial savings around reduced inventory costs, increased asset utilization, and maintenance optimization.

While all of these projects will continue to undergo further technical and economic evaluations, current business case analysis indicate these strategic projects will provide a positive net present value to the Authority and/or the state's electricity customers. It is important to also note that most of these investments may be included in the Authority's transmission rate base as regulated by the Federal Energy Regulatory Commission.

These projects – and others under consideration – will help transform the operation of New York's grid in terms of enhanced reliability and lower future costs; however, they require the addition of staff to successfully develop and execute them.

DISCUSSION

Members of the Authority's management team have updated the Board periodically on NYPA's Strategic Plan and associated initiatives. The plan sets forth an ambitious Infrastructure Modernization effort that will:

- Reduce costly transmission congestion throughout the state.
- Facilitate the integration of large-scale renewable generation.
- Increase the situational awareness and, therefore, reliability of New York's bulk power system through the installation of advanced monitoring and control devices supported by a new communications backbone.
- Enhance the Authority's ability to monitor the condition of critical facilities and components.
- Support the introduction and value-enhancing improvements throughout New York's bulk power system.

- Systematically improve the Authority's facilities in a timely and economic fashion.

After thorough assessment, the Authority intends to pursue significant and economic projects that contribute to the objectives listed above. To develop these projects, however, the Authority needs additional in-house technical resources.

Large Infrastructure Modernization projects, such as the Western New York Energy Link and the Communication Backbone, will create jobs and spur significant job growth and economic activity beyond the Authority.

The Authority has undertaken a thorough effort to estimate the number and type of staff required to implement the projects. This resource requirement aligns with the original projections captured in the original business plans and is expected to peak at about fifty-three (53) additional employees by the year 2020; however, the initial requirement at this juncture is limited to twenty (20). This was based on a 'no regrets' analysis designed to ensure that the new employees could be easily and economically redeployed if certain of the proposed projects were cancelled. All the recommended new Authority positions will be technical personnel (i.e., engineering, information technology, and project management) supporting large capital Infrastructure Modernization projects.

The recommended twenty-four (24) contractor conversions in Engineering, Project Management and IT will support ongoing projects and strategic initiatives that are core to ensuring foundational elements that further enhance the Smart G&T and Asset Management Strategic Initiatives necessary to improve reliability and operation of the system.

FISCAL INFORMATION

The conversion of the 24 contractors to permanent employees is expected to save the Authority an estimated \$1.6 million per year. The addition of 20 new employees to support the Authority's Infrastructure Modernization Strategic Initiative projects is expected to cost about \$3.5 million per year. However, most of these costs may be recoverable through the Authority's FERC-regulated transmission rate base. Importantly, the projects selected are expected to generate positive net present values.

RECOMMENDATION

The Senior Vice President – Technology and Innovation, the Senior Vice President – Operations Support Services and Chief Engineer, the Vice President – Project Management, and the Vice President – Engineering, recommend that the Trustees endorse the conversion of twenty-four (24) contractors to permanent, full-time NYPA employees and the addition of twenty (20) new employees to support the Authority's Smart Generation & Transmission and Asset Management Strategic Initiatives.

For the reasons stated, I recommend the approval of the above-requested action by adoption of the resolution below."

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

RESOLVED, That the Trustees hereby authorize the conversion of twenty-four (24) contractors to permanent employees and the addition of twenty (20) permanent employees to support the Authority's Infrastructure Modernization Strategic Initiatives – Smart Generation & Transmission as recommended in the foregoing report of the President and Chief Executive Officer; and be it further

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

DISCUSSION AGENDA:

3. Staff Reports:

a. Report of the President and Chief Executive Officer

President Quiniones provided highlights of the Authority's performance for the month of May (Exhibit "3a-A").

Performance Scorecard

President Quiniones said that for the month of April, all of NYPA's performance measures as indicated on the scorecard met or exceeded their YTD targets, reflecting a strong performance throughout the organization.

President Quiniones then provided an outline of the top three areas of priority as part of the Authority's Strategic Plan:

1. Generation and Transmission Projects – Reforming the Energy Vision

a. Marcy-South Series Compensation Project

The Authority is digitizing its generation and transmission system. To that end, it is applying smart grid technology on an existing 345 kV line that starts from Marcy and ends in the lower Hudson Valley. This will enable the Authority to import 440 megawatts more power from upstate into downstate New York. This is a critical undertaking, as most of the excess power, including renewables, is upstate and most of the load in the state goes to the southeast New York area. Applying smart grid technology will result in the power plants being more flexible, resilient, smart, and self-healing.

b. Life Extension and Modernization Program

This program was started in the late 1990s at the Niagara Power Plant. At the present time, the Authority is engaged in a transmission life extension and modernization program at the Lewiston Pump-Generation plant. Life extension and modernization is also being carried out at the small hydropower plants.

The goal of these modernization programs is to make the Authority's assets able to serve New Yorkers over the next 50 to 70 years. The Authority plans to invest billions of dollars in these programs for which completion has been earmarked to the early 2020's. At the end of the Programs, all of the Authority's assets would have been overhauled and ready to serve New Yorkers for future years. At future Board meetings, staff will be requesting the Trustees to approve funding to invest in, and modernize the Authority's infrastructure.

2. Customer Solutions

The Authority plans to work with its customers as collaborative partners in advancing the state-of-the-art technology in the grid.

Renewable Energy

In order to make its customers' facilities more energy efficient, the Authority plans to install more load management devices which will allow customers to modulate their use of electricity depending on the needs and status of the grid.

Solar

To date, 50 of a potential 1000 schools across the state have installed solar energy with the assistance of the Authority. The Authority plans to continue with the projects for solar energy in public school; this will help the schools to save on their utility expenses.

Microgrids

The pace of technology, changes in regulations, and changes in customer preferences and behavior are driving the transformation of the grid. The Authority plans to build microgrids to help optimize the larger power grid and meet energy demands. The Authority is currently developing a microgrid for the Empire Plaza in Albany where it plans to build a 15-megawatt cogeneration plant. Some of the electric supply from this plant will be extended to neighboring buildings that are mission critical to the state. The goal is to reduce energy and make their operations more flexible. At the same time, should National Grid's system go down, the state government will continue to be functioning and running because of this microgrid.

Contracts

Many of the Authority's customers are approaching the expiration dates of their contracts for supply of electricity. The Authority plans to take this opportunity to develop a new and more forward-looking energy supply and energy management service agreement for its customers. More than 2.5 gigawatts of electricity load will be up for renegotiation and the Authority is looking forward to working with its customers to forge a more innovative partnership, going forward.

New York Energy Manager

In June, The Authority will be opening the New York Energy Manager Center at the Zen building at SUNY Poly College of Nanoscale Science and Engineering. The New York Energy Manager now monitors approximately 800 buildings; by the end of the year, it will be monitoring approximately 1200 buildings. At full load, this facility will be able to monitor about 3000-4000 state-owned/state-controlled buildings across the state as Phase 1, feeding real-time information into this network operations center.

Using smart meters connected to building management systems, sensors and other devices in those buildings, the Authority will feed data into the New York Energy Manager's network operations center where data analytics are used to optimize the use of energy of those customers. This is pursuant to Governor Cuomo's Executive Order 88 to reduce energy use in state buildings 20 percent by 2020.

In addition, the information gathered will be very valuable, not only to NYPA's customers, but to technology providers and utility and grid operators. The next step is use business models to leverage that information, working with those parties, to advance the state-of-the-art technology, not only in managing buildings, but optimizing the performance of the grid.

BuildSmart New York

The Authority will continue to work with SUNY, Office of General Services, Department of Corrections and other state-owned buildings to achieve the mandate of Executive Order 88 which is to reduce energy use intensity 20 percent by 2020.

In response to a question from Vice Chairman Nicandri, President Quiniones said the Authority has statutory authority, mandated by Executive Order 88, to offer services, including financing, for government buildings to optimize their energy usage. The Authority has, however, been providing energy efficiency services to counties, cities, towns and villages.

3. Canal Corporation

The Authority is currently in discussion with the Thruway Authority regarding the integration of the Canal Corporation. Pursuant to the legislation, starting on April 1st, the Authority will begin reimbursing the Thruway Authority for the cost of running the Canal Corporation. Part of the discussions with Thruway Authority is to ensure that the Authority has a governing process and document that will make the transition occur efficiently.

By January 2017, the Authority will have full, not only financial but operational, responsibility for the Canal Corporation as part of an independent and separate subsidiary within the NYPA organization. To that end, the Authority has assigned a transition team with Robert Lurie leading the Executive Steering Committee and also an integration team comprised of approximately 30-50 NYPA personnel to work with their counterparts at the Canal Corporation and the Thruway Authority. To date, the Authority is on schedule and budget and is methodically executing the plan to make sure that the transition occurs effectively and efficiently by January 1, 2017.

b. **Report of the Chief Risk Officer**

Mr. Soubhagya Parija provided highlights of the report to the Trustees. (Exhibit “3b-A”)

Risk Assessment Results

Mr. Parija said that as a result of the risk assessment process, the Authority did a deep dive on the top risks. The top risks have not changed; however, although still in the top risks, Workforce Health and Safety; Regulatory/Legislative Environment; Commodity Market Volatility; and Disruptive Innovation risks have increased.

Mr. Parija then provided a report on Enterprise Risk Management’s activities:

Cyber Risk Assessment has been completed and the Authority is in the process of implementing some of the action plans as a result of that risk assessment project. Enterprise Risk (“ER”) is working closely with the Chief Operating Officer, the Chief Information Officer and other stakeholders to ensure that cyber risks continue to be addressed.

Reputational Risk Assessment was launched and Phase 1 has been completed. Reputational risk has been defined as it applies to the Authority as well as the stakeholders. This will help in the development of a comprehensive risk management framework.

Commodity Risk Optimization Project – Pricewaterhouse Coopers (PwC) was engaged to assist the Authority in managing and improving its commodity portfolio.

Canal Corporation – Enterprise Risk is working with the Canal Corporation regarding its transition to the Authority.

Staffing – Mr. Parija introduced the following personnel hired to support ER to the Board: Thomas Spencer, Senior Director of Enterprise Risk; Tom Ho, Senior Director of Operational Risk who will be in charge of operational risk as well as the commodity risk management program; Sara Ricci, Director of Business Resiliency who will be coordinating all of the business continuity and emergency management programs launched throughout the Authority. Ms. Ricci is currently working on developing the road map for business resiliency, going forward, and will report to the Board at a future meeting.

c. Report of the Chief Operating Officer

Mr. Joseph Kessler, Senior Vice President of Power Generation, provided highlights of the Chief Operating Officer's report to the Trustees (Exhibit "3c-A").

Performance Measures

Generation Market Readiness

- No significant outages occurred during April.
- The monthly value of 99.96% was above the target of 99.40%. The YTD value of 99.81% was also above the target of 99.40%.

Transmission Reliability

- There were no significant transmission outages to report for April.
- April's performance metric of 92.77% was above the target of 91.80%. The YTD actual of 94.77% was also above the target of 92.97%.
- Y49 Cable – a fault occurred on the Y49 cable which will impact the Generation Market Readiness' measure. Staff is currently conducting a Root Cause Analysis and the impact will be reported to the Board at the July meeting.

Environmental Incidents

There were no significant environmental incidents for the month of April.

Two minor oil spills and a glycol leak occurred that were contained; however, the Authority is required to report them to the DEC.

Safety

A DART injury occurred at the Niagara Project and an OSHA injury occurred at the Albany Office. Both were minor material handling injuries which resulted in lost time, therefore recordable incidents.

Strategic Asset Management Plan

Asset Management work streams:

1. Integrated Smart Operations Center ("ISOC") – to monitor and diagnose apparent issues on the network.
2. Smart O&M – the use of advance intelligent devices to do preventative maintenance within the Authority's plants and the transmission assets.
3. Data Analytics – to facilitate the flow of large data into actionable information.
4. Employee Engagement:
 - Financial Acumen Training for staff making investment decisions for the Authority's current assets.

- Asset Managers
- Regional Programs with cross-functional teams to identify tangible projects for the Authority, going forward.

In response to a question from Vice Chairman Nicandri, Mr. Kessler said although Operations is switching from mechanical to digital asset management, the emphasis on skillset have been the resources from a human capital perspective. The Authority will need more technicians and some future job description will need to be determined. The roles of the skill craft and the Authority's complement of those skill crafts will have to change in the future. Operations can save on maintenance, but there is also a compliance issue to consider. Technicians serve a critical role in compliance; therefore, the technicians are going to be an integral part of this change.

d. Report of the Chief Financial Officer

Mr. Robert Lurie provided highlights of the report to the Trustees (Exhibit "3d-A").

Net Income

Net income for the four months ended April 30, 2016 was \$2.8 million, which was \$12.4 million lower than the budget (\$15.2 million) primarily due to a lower net margin on sales (\$53.9 million) substantially offset by lower operating expenses (\$31.4 million) and a mark-to-market gain on the Authority's investment portfolio (\$10.7 million, lower than anticipated market interest rates). Margins on market-based sales were lower than budgeted due to significantly lower prices resulting in lower market revenue at Niagara and St. Lawrence.

Results for the month of April reflected net income of \$11.4 million versus a budget of 7.6 million. The positive variance of \$3.8 million was due primarily to lower operating expenses (\$9.9 million, less than anticipated spending in several programs) substantially offset by a lower net margin on sales (\$5.5 million).

Net income for the year is projected to be \$20-\$50 million with the final result varying based on the level of spending in O&M and other programs for the remainder of the year. Projections exclude the impact of the funding of NY State Canals for 2016 as a funding agreement has not yet been finalized.

Hydro Generation – Staff budgeted very conservatively on hydro flows this year; however, there was more water flow than budgeted, consequently, this year the Authority has a positive variance on hydro generation. The Authority expects this trend to continue where its forecasts are coming in at the expected value although it budgeted below that value.

Energy Price – The Authority's budget was conservative compared to the market forecasts. Because of the mild winter, energy prices turned out to be extremely low and this affected the Authority's energy margins. This was, however, offset by savings on the operating expense and a paper gain in the Authority's investments.

In response to a question from Chairman Koelmel, Mr. Lurie said there are some state subsidies or state support programs that have gotten off the ground slower than expected; therefore, they will be underspent through the year.

In response to a question from Trustee McKibben, Mr. Lurie said typically, there is an increase in demand during the seasonal winter period; the Authority did not see that increase in demand this year because of the mild weather in the northeast. He said there were other factors on the supply side that caused the lower energy prices and asked Jill Anderson to expand on this issue. Ms. Anderson said, as a comparison, energy prices for the months of November, December and January were the lowest since the markets in New York were created 15 years ago. So, even adjusting for inflation, the Authority saw the lowest prices this year; that is primarily driven by low natural gas prices. There is also an issue with generators that are selling at zero dollars or even negative prices because of an excess of supply, including imports, and that also drives prices down.

In response to further questioning from Trustee McKibben, Mr. Lurie said the Authority continually tries to accelerate its strategic initiatives. In his report, Mr. Kessler mentioned some of the projects the Authority is undertaking in asset management and smart generation and transmission. There will be some acceleration in those areas and staff will report to the Board when they have firm plans on how that might affect the forecast. Also, the areas that have slowed down are not those directly related to the Authority's strategic initiatives.

In response to a question from Chairman Koelmel, Mr. Lurie said when the Authority prepared its budget it expected a much lower energy price environment. Also, although it expected that there would be

the usual seasonal increase in prices due to natural gas prices typically being higher in the winter and other factors, it did not foresee that seasonal effect. The Authority's budget for energy prices for the rest of the year is actually in keeping with the market price. Therefore, the Authority does not expect the same kinds of negative variances, going forward.

In response to still further questioning from Chairman Koelmel, Ms. Anderson said the Authority's prediction, along with many others in the market, is that gas prices is going to stay low for a long time and this will keep the Authority's prices low. The producers are making money even at the low prices. And, as renewable generation is built, wholesale market prices will also be kept low.

In response to a question from Vice Chairman Nicandri, Ms. Anderson said the Authority's conservative hydro generation projection is not related to having water spill in the Long Sault Dam. The most recent spilling was the result of an outage because of upgrades of the transformer at the substation by Operations. This was a technical issue and not a market issue.

In response to a question from Chairman Koelmel, Mr. Lurie said that although the Authority has \$3 billion in revenue, since it is a non-profit organization it aims to operate on very small profit margins.

In response to further questioning from Chairman Koelmel, Mr. Lurie said the Authority will need to analyze the seasonal effects and not the long-term reduction in energy prices, which is expected, when preparing its budget next year. In addition, the Authority expects its projected income to be as budgeted largely because of a positive variance in hydro generation and the operating expenses. No further deterioration is expected in energy margins and energy prices. Importantly, the projection does not include the effect of the Canal Corporation's integration with the Authority. The legislation transferring the Canal Corporation to NYPA includes a provision directing NYPA to reimburse the Thruway Authority for expenses that they incurred during the period of April through December 31 this year. The Authority is currently in discussion, and working with the Thruway Authority to develop an agreement to reimburse those expenses. This assumption was not in the Authority's projection; however, when it does enter into that agreement those expenses will be sufficient to take the Authority's projection to the negative in 2016.

In response to a question from Trustee Picente, Mr. Lurie said there is no debt service attributable to the Canal Corporation, nor is there any debt coming to the Authority from the Canal Corporation or from the Thruway Authority.

In response to a question from Trustee McKibben, Mr. Lurie said the cost associated with the Canal Corporation's transfer could be greater than \$47 million. President Quiniones added that, from an accounting perspective, the reimbursement to the Thruway Authority is being treated as operational expenses, even though it includes capital and O&M expenses.

In response to a question from Chairman Koelmel, Mr. Lurie said the Authority has already paid \$65 million to the State for the period January through March. In addition to that, the Authority has to pay three quarters of a year's expenses for the Canal Corporation. Therefore, from a cash-flow standpoint, the Authority's operating income may be better next year. In addition, the return on the Authority's assets for 2016, including the negative effects of the HTP transmission line, is slightly below its cost of capital.

Corporate Goals

The Authority has identified three corporate goals in support of its 2020 Strategic Plan.

1. **Financial effectiveness** focuses on maximizing the amount of financial capacity the Authority has at its disposal to make capital investments to help achieve its strategic goals.
2. **Operational effectiveness** focuses on ensuring that the Authority is cost-efficient and reliable in its operation without compromising risk.

3. **Value from Energy** focuses on the value that the Authority's customers receive from the energy it produces and services it delivers.

Metrics are developed that are aligned with these three goal areas and the strategic initiatives that underlie them. In order to achieve this, the Authority has developed nine metrics that most appropriately measure its success. Five of these metrics directly align to the three corporate goals:

1. Economic Value Added (financial effectiveness) - this is a measure of the Authority's capital investment productivity or economic profitability.
2. Three metrics are proposed under the Operational Effectiveness Goal:
 - i. Non Fuel O&M cost per megawatt hour – this is a measure of operating efficiency as it relates to the Authority's production of electricity.
 - ii. Commercial availability – this is a way to measure reliability. This is similar to the existing metric the Authority has for generation and transmission availability.
 - iii. Load factor optimization – this is a way to measure the economic efficiency of the Authority's electricity generation. It is an expression of how much energy was used in a time period by customers, versus how much energy would have been used if the power had been left on during a period of peak demand.
3. Value of Carbon Reduction (Value from Energy) – this measures the value of avoided / created carbon based on the Authority's efforts to run clean generation assets, to manage energy efficient facilities and to deliver energy efficiency and other related services through its Customer Energy Solutions business. The Authority, in partnership with its customers, is working to identify means to reduce carbon intensity in the energy system.

In response to a question from Chairman Koelmel, Mr. Lurie said the Authority will present information as to where it stands and the targets for each metrics to the Board at the July meeting.

4. Power Allocations and Proceeds:

a. Annual Compliance Review – Recharge New York Power Program

The President and Chief Executive Officer submitted the following report:

“SUMMARY

Authority staff has conducted its second annual compliance review of customers receiving power allocations under the Recharge New York (‘RNY’) Power Program for the reporting period from July 1, 2014 through June 30, 2015 (the ‘Reporting Period’). The compliance review examined RNY Power customers’ contract compliance in three areas: (1) job retention;[†] (2) capital investment; and (3) power utilization.

The purpose of this memorandum is to inform the Trustees of the results of the compliance review. In addition, the Trustees are asked to authorize the reduction of RNY Power allocations for specific RNY Power customers who have failed to meet job retention and capital investment obligations. As detailed below, the underlying RNY Power contract requires customers to achieve at least a 90% compliance rate in applicable commitment areas. At this time, Authority staff is recommending enforcement of the contract commitments for specific customers who have failed to achieve at least a 90% compliance level for job retention commitments, capital investment commitments, or both.

In summary:

- (1) The compliance level of the 48 RNY Power customers described in Exhibit ‘4a-A’ fell below 90% of the relevant contractual commitment for job retention for the Reporting Period. Staff recommends that the RNY Power allocations and contract demands for each such customer be reduced to the amounts indicated in Exhibit ‘4a-A.’ In addition, staff recommends that the Authority be authorized to adjust job commitments for these customers as indicated in Exhibit ‘4a-A’ to reflect the reductions in the amount of the RNY Power allocations and contracts demands.
- (2) The compliance level for the two customers described in Exhibit ‘4a-B’ fell below 90% of its contractual one-year capital investment commitment. Staff recommends that the RNY Power allocations and contract demands for these customers be reduced to the amounts indicated in Exhibit ‘4a-B.’ In addition, staff recommends that the Authority be authorized to adjust the job commitments and capital investment commitments for these customers as indicated in Exhibit ‘4a-B’ to reflect the reduction in the amount of the RNY Power allocations and contracts demands.
- (3) The compliance level of the two RNY Power customers described in Exhibit ‘4a-C’ fell below 90% of the relevant contractual commitment for power utilization for the Reporting Period. Staff recommends that the RNY Power allocations and contract demands for each such customer be reduced to the amounts indicated in Exhibit ‘4a-C.’ In addition, staff recommends that the Authority be authorized to adjust job commitments for these customers as indicated in Exhibit ‘4a-C’ to reflect the reductions in the amount of the RNY Power allocations and contracts demands.

[†] Some RNY Power contracts contain a job *creation* commitment, requiring the customer to create a specified number of jobs at the facility using the RNY Power allocation and to retain the jobs for the term of the allocation. Customers are typically given three years to reach this commitment number. Given that power allocations under the RNY Power Program did not commence until approximately July 2012, this commitment will not be subject to compliance review until the next compliance review cycle.

Staff has identified other RNY Power customers whose compliance data for this Reporting Period indicates non-compliance with one or more contractual commitments. However, due to special circumstances relating to these customers, staff is not recommending compliance action as to these specific customers at this time. These matters are discussed in Section 3 of this Memorandum and Exhibit '4a-D.' Staff may return to the Board for compliance recommendations regarding one or more of these customers at a later time.

Finally, the four (4) RNY Power customers identified in Exhibit '4a-E' did not file a compliance report as required by the RNY Power contract. Staff intends to suspend the RNY Power allocations for these customers. No action by the Trustees is requested for this matter.

A summary of all RNY Power customers discussed in Exhibits '4a-A' through '4a-E' appears on the accompanying spread sheet designated as Exhibit '4a-F.'

BACKGROUND

On April 14, 2011, Governor Andrew M. Cuomo signed into law Chapter 60 (Part CC) of the Laws of 2011 which, among other things, created the RNY Power program. The program makes available 910 megawatts ('MW') of 'RNY Power,' 50% of which will be provided by the Authority's hydropower resources and 50% of which will be procured by the Authority from other sources. RNY Power contracts are for a specified term corresponding to a customer's allocation.

RNY Power is made available to businesses and not-for-profit corporations for job retention and business expansion and attraction purposes. Applications for RNY Power are subject to a competitive evaluation process and are evaluated based on statutory criteria, including (1) the number of jobs created and/or retained and the extent to which the applicant will agree to commit to creating or retaining such jobs as a condition to receiving a RNY Power allocation; and (2) the extent to which a RNY Power allocation will result in new capital investment in the state by the applicant.

Successful applicants are awarded RNY Power allocations and offered a contract with the Authority for the purchase of the RNY Power. In addition to the basic requirement to pay for electric service, the contract provides for several 'supplemental' customer commitments relating to such matters as (1) job creation or retention, (2) capital investment, and (3) power utilization (the 'Supplemental Commitments'). With respect to jobs, the RNY Power contract may contain commitments to create and retain jobs, or simply to retain jobs. On capital investment, the contract may provide for a one-year capital investment commitment, or, as is more often the case, an aggregate capital investment commitments over a five-year period.

To facilitate compliance review and contract enforcement, the RNY contract requires customers to report on the Supplemental Commitments. Customers are required to report pertinent information on the first three Supplemental Commitments no later than August 31 of each year for the prior 12-month reporting period from July through June.

As more specifically detailed in the RNY contract, if a customer's report indicates that its average monthly employment for the reporting period is below the compliance threshold of 90% of the customer's employment commitment, the Authority may take action against the customer which includes reducing the customer's power allocation on a pro rata basis. Customers are also required to report monthly power utilization in kilowatts ('kW') to ensure that the power allocations are being used during the reporting period. If reported average monthly kW utilization is below the compliance threshold of 90% of the allocation amount, the Authority may reduce that customer's power allocation. The RNY contract further provides that the Authority may, among other things, reduce a customer's RNY Power allocation on a pro rata basis where the customer's capital spending is below a 90% compliance threshold.

DISCUSSION

1. Background

Staff has completed its third annual compliance review of all in-service RNY Power allocation contracts for compliance with Supplemental Commitments.[‡] The Authority had 596 customers that received at least one month of RNY Power during the Reporting Period (July 1, 2014 through June 30, 2015), of which 567 reported data for the compliance review. Of these 596 customers, a total of 536 customers began receiving RNY Power on or before July 2014. Staff reviewed the data reported by all 567 customers for this Reporting Period. Of those reporting, the 536 customers noted have been receiving RNY Power for the entire 12-month period and are in a position to be evaluated for compliance with their Supplemental Commitments.

In total, 528 of the 536 customers reported compliance data as required by the Program, representing power allocations totaling 598 MW and existing employment commitments totaling 354,538 jobs. In aggregate, these customers reported actual employment of 370,580 jobs. This represents 105% of the total of job commitments for all RNY customers reporting for the full year. Since completion of the compliance review by staff, five customers have since terminated their RNY Power allocations, one of which reported commitment data for the Reporting Period, four did not. No action by the Trustees is requested as to these five former RNY Power customers. Four current RNY Power customers failed to file compliance reports. In total, for this Reporting Period, staff determined that 73 of the current customers did not meet the required compliance level for one or more of the Supplemental Commitments based on a 90% compliance threshold provided for in the RNY Power Contract.

Based on the RNY Power Contract terms, the applicable tariff and the Authority's regulations, the Authority has a number of options available to respond to a customer that is in breach of contractual obligations, including, for example, termination of the contract, suspension of electric service, and reduction of the amount of a customer's RNY Power allocation.

As discussed in more detail below, at this time staff is recommending compliance action for virtually all RNY Power customers who have failed to achieve at least a 90% compliance rate with respect to one or more Supplemental Commitments for job retention, capital investments, or power utilization. Where a customer was non-compliant with its Supplemental Commitments for job retention and capital investment, staff uniformly used the customer's job numbers to calculate recommended reductions in contract demands and RNY Power allocations.

Staff is also recommending to the Trustees that the Authority be authorized to 'adjust' or 'reset' the job commitments and/or capital investment commitments of a customer whose contract demand and RNY Power allocation have been reduced due to non-compliance with the Supplemental Commitments to reflect such reductions, as indicated in Exhibits '4a-A' through '4a-C.'

Staff is not recommending that compliance action be taken regarding the RNY Power customers identified on Exhibit '4a-D' whose reported data indicates these customers failed to achieve at least a 90% percent compliance rate for the Supplemental Commitments indicated, for the reasons discussed below and in Exhibit '4a-D.'

[‡] In addition to this compliance review, each year an independent auditor, along with the Authority's Internal Audit group, randomly selects customers whose annual compliance report is reviewed for accuracy. This year, a job reporting audit and a capital investment spending audit was performed by an independent auditing firm retained by the Authority. The audits are designed to help staff validate reported information. Audited customers will receive feedback on the audit results, including guidance for future submittals.

Finally, for the Board's information, staff intends to suspend electric service for four RNY Power customers listed in Exhibit '4a-E' who have failed to file compliance reports as required by their RNY Power contracts.

2. Failure to Meet Supplemental Commitments – Action Requested

This section discusses specific compliance information and recommendations concerning the specific Supplemental Commitments and customers indicated. Some customers failed to achieve a 90% compliance rate for more than one Supplemental Commitment. These customers are identified in more than one exhibit but the recommended action for such customers in each instance takes account of multiple compliance violations, as indicated.

a) Job Commitments

A total of 461 of the 528 RNY Power customers reviewed were found to be compliant with their Supplemental Commitment for job retention. Sixty-seven of the 528 RNY Power customers were found to be below a 90% compliance rate for this Supplemental Commitment.

Staff recommends that the Trustees approve reductions in the RNY Power allocations and contract demands for the 48 customers identified in Exhibit '4a-A' who fell below a 90% compliance rate for their job retention commitments to the amounts indicated in Exhibit '4a-A.' In addition, staff recommends that the Trustees authorize the Authority to adjust/reset the job commitments for these 48 customers to the amounts indicated in Exhibit '4a-A' to reflect the reductions in the amount of the RNY Power allocations for these customers.

b) Capital Investment Commitments

RNY Power customers can be divided into two groups for purposes of capital investment commitments: (1) customers with an aggregate capital investment commitment over a five-year period; and (2) customers with a one-year capital investment commitment.[§]

It is not possible to evaluate capital investment compliance for the first group of RNY Power customers at this time, because the RNY Power allocations for such customers have not yet been in service for five years. Nevertheless, the annual compliance review process yielded the following information about capital investment:

- To date, the 567 RNY customers that submitted compliance data have reported cumulative spending totaling \$4.8 billion out of an aggregate commitment of \$24.5 billion.
- Two hundred and forty RNY Power Customers out of 538 in this first customer group have already met or exceeded the 90% compliance threshold as of the current Reporting Period.

Thirty-two RNY Power customers have one-year capital investment commitments, and this second group is subject to compliance review. The cumulative spending for this group totaled \$86.5 million out of an aggregate commitment level of \$70.8 million. Thirty of the 32 customers in the second group met or exceeded a 90% compliance rate.

The two RNY Power customers listed in Exhibit '4a-B' failed to meet at least a 90% compliance rate for their respective capital investment commitment.

Accordingly, staff recommends that the Trustees authorize a reduction in the RNY Power allocations and contract demands for the two customers identified in Exhibit '4a-B' to the amounts listed in Exhibit '4a-B.' In addition, staff recommends that the Trustees authorize the Authority adjust/reset the job

[§] Twenty-six RNY Power customers do not have a Supplemental Commitment for capital investment.

commitments and capital investment commitments for these customers to the amounts indicated in Exhibit '4a-B' to reflect proposed reductions to the respective contract demands and RNY Power allocations of these customers.

c) Power Utilization Commitment

A total of 522 of the 528 RNY Power customers reviewed were found to be compliant with their Supplemental Commitment for utilization of their RNY Power allocation. Six customers were found to be below a 90% compliance rate for the power utilization commitment. One such customer has since terminated its RNY Power allocation.

Staff recommends that the Trustees approve reductions in the RNY Power allocations and contract demands for the two customers identified in Exhibit '4a-C' which fell below a 90% compliance rate for the power utilization commitment to the amounts indicated in Exhibit '4a-C.'

3. Other Compliance Issues – No Compliance Action Recommended

The customers described in Exhibit '4a-D' reported data indicating a failure to achieve a 90% compliance rate for one or more Supplemental Commitments. For the reasons discussed below, staff is not recommending compliance action with respect to these customers at this time.**

a) Job Commitments

Compliance reporting indicated that the eight customers listed in Exhibit '4a-D,' Section 1, fell below the 90% compliance threshold for job retention. However, these customers recently submitted supplemental information on their current employment levels for the six-month period from September 2015 to February 2016. In each case, this information indicates an employment level trending upward, and if this level is sustained, each customer would be at or above a 90% compliance rate. Accordingly, staff is not recommending compliance action with respect to these customers at this time.

** For the Board's information, not discussed in Exhibit '4a-D' are 5 RNY Power customers who reported non-compliance with job commitments that appear to result from the transfer of employees from the 'reporting facility' using the subject RNY Power allocation to another customer facility that also receives RNY Power. Within this group are four RNY Customers which currently operate multiple facilities (Albany Molecular Research, Inc. (Albany, Albany County), Corning, Inc. – SCC & IDM (Painted Post, Steuben County), Indium Corporation of America (Lincoln Avenue, Utica, Oneida County), and Kaleida Health – DeGraff Memorial Hospital (North Tonawanda, Niagara County), and one customer that consolidated operations from two facilities into one (Specialized Packaging Radisson, Inc. (Baldwinsville, Onondaga County). All of these customers have indicated that the transfers are not expected to result in a net loss of jobs between the facilities involved in the transfer/consolidation.

A sixth RNY Power customer, Barton Mines Company LLC (Town of Indian Lake, Hamilton County) AppID 10133, reported noncompliance with job commitments ostensibly due to efficiency improvements made at its facility. The RNY Power contract authorizes the Authority to 'consider a request to change the Base Employment Level based on a claim of increased productivity, increased efficiency or adoption of new technologies or for other appropriate reasons as determined by the Authority.'

Staff is considering whether to address these matters through contract amendments rather than the compliance process, particularly if there will be no material net job loss. Staff anticipates returning to the Board at a later date to report on the status of these matters or, depending on the outcome of these matters, to make recommendations for Trustee action regarding one or more of these customers.

b) Power Utilization Commitments

Compliance reporting indicated that the three customers listed in Exhibit '4a-D,' Section 2, were each underutilizing its RNY Power allocation on average over the Reporting Period and, as a result, fell below a 90% compliance rate.

One of these customers had initially misallocated its RNY Power allocation to a single account or a small percentage of the RNY Power allocation per meter, which did not allow the customer to fully utilize its RNY Power allocation. Staff worked with the customer to enable it to distribute its allocation more effectively amongst its various accounts. During the last six months, the customer has been able to meet a 90% compliance rate for power utilization through this revised approach.

Another customer experienced enrollment issues with its local utility. This issue has since been resolved enabling the customer to meet at least a 90% compliance rate.

The third customer recently relinquished part of its RNY Power allocation, bringing the usage of its allocation into compliance with contractual requirements.

Accordingly, staff is not recommending compliance action as to these customers.

c) No Contract Demand/RNY Power Allocation Reduction Calculated/Required

The four customers identified on Exhibit '4a-D,' Section 3, reported data indicating that they failed to meet job commitments during the Reporting Period. However, because the shortfall is relatively minor, the methodology used to calculate reduction of the contract demand and allocation in each case did not result in a reduction of the contract demand and allocation.

d) Failure to File Compliance Report

The four RNY Power customers identified in Exhibit '4a-E' did not file a compliance report as required by their RNY Power contract. These companies were notified of their obligation to file the report, but still failed to file the report. Staff intends to suspend the RNY Power allocations for these customers. No action by the Trustees is requested for this matter.

RECOMMENDATION

The Vice President – Marketing recommends that the Trustees:

- (1) Authorize a reduction of the RNY Power allocations and contract demands for each of the RNY Power Customers identified in Exhibit '4a-A' to the amounts indicated in Exhibit '4a-A,' and authorize the Authority to adjust job commitments and/or capital investment commitments for these Customers, as indicated in Exhibit '4a-A,' to reflect the reductions in the respective RNY Power allocations and contract demands.
- (2) Authorize a reduction of the RNY Power allocations and contract demands for each of the RNY Power Customers identified in Exhibit '4a-B' to the amounts indicated in Exhibit '4a-B,' and authorize the Authority to adjust job commitments and/or capital investment commitments for these Customers, as indicated in Exhibit '4a-B,' to reflect the reductions in the respective RNY Power allocations and contract demands.
- (3) Authorize a reduction of the RNY Power allocations and contract demands for each of the RNY Power Customers identified in Exhibit '4a-C' to the amounts indicated in Exhibit '4a-C,' and authorize the Authority to adjust job commitments for these Customers, as indicated in Exhibit '4a-C,' to reflect the reductions in the respective RNY Power allocations and contract demands.

For the reasons stated, I recommend the approval of the above-requested action by adoption of the resolution below.”

Mr. Keith Hayes provided highlights of staff’s recommendations to the Trustees.

In response to a question from Chairman Koelmel, Mr. Hayes said as part of the account management process, staff has dialogue with the companies during the compliance period. Based on extenuating circumstances, it is being recommended that no action be taken on companies that are increasing jobs but fell below the 90 percent compliance threshold. Last year, the Authority temporarily lowered the 90% contractual threshold to 75%; the Authority is now effectuating the 90 % threshold language in the contract.

In response to further questioning from Chairman Koelmel, Mr. Lurie said at the time the Authority commenced economic development its contracts stipulated a 90% compliance threshold. Last year, the Empire State Development Corporation temporarily lowered its threshold for the Excelsior Program to 75% compliance and the Authority matched this threshold with its Western New York hydropower customers.

Responding to still further questioning from Chairman Koelmel, Mr. Lurie said customers have to report their jobs each month. While some of those customers may have been below 90% as an average, if the last four months of the year they were above the 90% threshold, the Authority considered them trending in the right direction and would take no action. If a company is consistently below its contractual commitment, staff will recommend that action be taken. President Quiniones added that more importantly, the Authority is not taking all of the power away from those companies not in compliance, but reducing it proportionately to the amount of their under-compliance.

In response to a question from Vice Chairman Nicandri, Mr. Hayes said the 75% reduction was for one year only and the Authority is now enforcing the 90% contractual compliance threshold.

In response to a question from Trustee McKibben, Mr. Lurie opined that the Authority is lenient to those companies that, on average, are under but trending upward.

In response to a question from Chairman Koelmel, Mr. Hayes said the total reduction for all companies is less than four-and-a-half megawatts. He said that with low energy prices, the impact is a lot less to the business than it may have been, historically. The Authority has not received negative feedback based on this action and continues to engage in discussion with those companies.

Upon motion made by Vice Chairman Nicandri and seconded by Trustee Picente, the following resolution, as submitted by the President and Chief Executive Officer, was unanimously adopted.

RESOLVED, That the Trustees hereby approve the reduction of Recharge New York (“RNY”) Power allocations and contract demands for each of the customers identified in Exhibit “4a-A” to the amounts indicated therein, and authorize the Authority to adjust job commitments and/or capital investment commitments for these customers, as indicated in Exhibit “4a-A,” to reflect the reductions in the RNY Power allocations and contract demands, as described in the foregoing report of the President and Chief Executive Officer; and be it further

RESOLVED, That the Trustees hereby approve the reduction of RNY Power allocations and contract demands for each of the customers identified in Exhibit "4a-B" to the amounts indicated therein, and authorize the Authority to adjust job commitments and/or capital investment commitments for these customers, as indicated in Exhibit "4a-B," to reflect the reductions in the RNY Power allocations and contract demands, as described in the foregoing report of the President and Chief Executive Officer; and be it further

RESOLVED, That the Trustees hereby approve the reduction of RNY Power allocations and contract demands for each of the customers identified in Exhibit "4a-C" to the amounts indicated therein, and authorize the Authority to adjust job commitments for these customers, as indicated in Exhibit "4a-C," to reflect the reductions in the RNY Power allocations and contract demands, as described in the foregoing report of the President and Chief Executive Officer; and be it further

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

b. Award of Fund Benefits from the Western New York Economic Development Fund Recommended by the Western New York Power Proceeds Allocation Board

The President and Chief Executive Officer submitted the following report:

“SUMMARY

The Trustees are requested to accept the recommendations of the Western New York Power Proceeds Allocation Board (the ‘Allocation Board’ or ‘WNYPPAB’) and make awards of Fund Benefits from the Western New York Economic Development Fund to the eligible applicants listed in Exhibit ‘4b-A’ in the amounts indicated on Exhibit ‘4b-A’ as discussed in more detail below, and authorize the other actions described herein with respect to such applicants and recommended awards.

BACKGROUND

1. Western New York Power Proceeds Allocation Act

On March 30, 2012, Governor Cuomo signed into law the Western New York Power Proceeds Allocation Act (the ‘Act’). The Act provides for the creation, by the Authority, of the Western New York Economic Development Fund. The Fund consists of the aggregate excess of revenues received by the Authority from the sale of Expansion Power (‘EP’) and Replacement Power (‘RP’) produced at the Niagara Power Project that was sold in the wholesale energy market over what revenues would have been received had such energy been sold on a firm basis to an eligible EP or RP customer under the applicable tariff or contract.

Under the Act, an ‘eligible applicant’ is a private business, including a not-for-profit corporation. ‘Eligible projects’ is defined to mean ‘economic development projects by eligible applicants that are physically located within the State of New York within a thirty-mile radius of the Niagara power project located in Lewiston, New York that will support the growth of business in the state and thereby lead to the creation or maintenance of jobs and tax revenues for the state and local governments.’ Eligible projects include, for example, capital investments in buildings, equipment, and associated infrastructure owned by an eligible applicant for fund benefits; transportation projects under state or federally approved plans; the acquisition of land needed for infrastructure; research and development where the results of such research and development will directly benefit New York state; support for tourism and marketing and advertising efforts for western New York state tourism and business; and energy-related projects.

Eligible projects do not include public interest advertising or advocacy; lobbying; the support or opposition of any candidate for public office; the support or opposition to any public issue; legal fees related to litigation of any kind; expenses related to administrative proceedings before state or local agencies; or retail businesses as defined by the board, including without limitation, sports venues, gaming and gambling or entertainment-related establishments, residential properties, or places of overnight accommodation.

Fund Benefits have been provided to successful eligible applicants in the form of grants. Generally, Fund Benefits are disbursed as reimbursement for expenses incurred by an Eligible Applicant for an Eligible Project. Occasionally, Fund Benefits are disbursed in advance for proposed eligible expenditures to be incurred by the Eligible Applicant for an Eligible Project when NYPA determines this approach is appropriate for a project, NYPA has authorized the approach in advance, and proposed expenses can be appropriately documented.

At least 15 percent of Fund Benefits must be dedicated to eligible projects which are ‘energy-related projects, programs and services,’ which is ‘energy efficiency projects and services, clean energy technology projects and services, and high performance and sustainable building programs and services,

and the construction, installation and/or operation of facilities or equipment done in connection with any such projects, programs or services.'

Allocations of Fund Benefits may only be made on the basis of moneys that have been deposited in the Fund. No award may encumber future funds that have been received but not deposited in the Fund.

2. Western New York Power Proceeds Allocation Board

Under the Act, the Allocation Board is charged with soliciting applications for Fund Benefits, reviewing applications, making eligibility determinations, and evaluating the merits of applications for Fund Benefits. The Allocation Board uses the criteria applicable to EP, RP and PP, and for revitalization of industry as provided in Public Authorities Law §1005. Additionally, the Allocation Board is authorized to consider the extent to which an award of Fund Benefits is consistent with the strategies and priorities of the Regional Economic Development Council having responsibility for the region in which an eligible project is proposed. A copy of these criteria (collectively, 'Program Criteria'), adapted from the Allocation Board's 'Procedures for the Review of Applications for Fund Benefits,' is attached as Exhibit '4b-B.'

The Allocation Board met on March 4, 2013 and, in accordance with the Act, adopted by-laws, operating procedures, guidelines related to the application, and a form of application. At that time, the Allocation Board defined 'retail business' to mean a business that is primarily used in making retail sales of goods or services to customers who personally visit such facilities to obtain goods or services.

The Allocation Board also designated the Western New York Regional Director of Empire State Development Corporation ('ESD') to be its designee ('Designee') to act on its behalf on all administrative matters. Among other things, the Designee was authorized to perform analyses of the applications for Fund Benefits and make recommendations to the Allocation Board on the applications.

Under the Act, a recommendation for Fund Benefits by the Allocation Board is a prerequisite to an award of Fund Benefits by the Authority, and the Act authorizes the Authority to award Fund Benefits to an applicant upon a recommendation of the Allocation Board. Upon a showing of good cause, the Authority has discretion as to whether to adopt the Allocation Board's recommendation, or to award benefits in a different amount or on different terms and conditions than proposed by the Allocation Board. In addition, the Authority is authorized to include within the contract covering an award ('Award Contract') such other terms and conditions the Authority deems appropriate.

3. Application Process

In an effort to provide for the efficient review of applications and disbursement of Fund Benefits, the Allocation Board established a schedule of dates through the end of 2016 on which the Allocation Board would meet to consider applications. At this time, applications are being accepted on a rolling basis. In addition, the application process was promoted through a media release and with assistance from state and local entities, including the Western New York and Finger Lakes Regional Economic Development Councils, the Empire State Development Corporation and other local and regional economic development organizations within the State. A webpage was created that is hosted on WWW.NYPA.GOV/WNYPPAB with application instructions, a link to the approved application form and other program details including a contact phone number and email address staffed by the Western New York Empire State Development regional office.

DISCUSSION

At its April 25, 2016 meeting, the Allocation Board considered applications from (1) Niagara University ('NU') seeking \$637,096 in Fund Benefits and (2) Niagara Falls International Airport Stakeholders Group ('NFIASG') seeking \$90,000. The Allocation Board's staff analyzed the applications and made recommendations to the Allocation Board based on eligibility requirements and Program

Criteria. Copies of the recommendation memoranda provided to the Allocation Board for NU and NFIASG are attached as Exhibits '4b-C-1' and '4b-C-2,' respectively. The applications themselves have also been made available to the Trustees for review. The Allocation Board has recommended that these applicants receive awards in the amounts indicated on Exhibit '4b-A.'

Based on information provided in the applications before the Trustees, the proposed projects currently before the Trustees would support approximately \$1 million in new investments.

Given the nascent stage of the proposed projects, it was not possible at this time to identify all of the terms and conditions that would be applicable to the award and memorialized in an Award Contract between the Authority and successful applicants. With the Trustees' authorization, it is anticipated that the Authority, in consultation with ESD, will negotiate final terms and conditions with the successful applicants after receipt of more detailed information concerning the projects and proposed schedules. Award Contracts may include scheduled payments keyed to commitment milestones, such as employment creation and retention. In addition, staff anticipates that Award Contracts will contain provisions for periodic audits of the successful applicants for the purpose of determining contract and program compliance and, where appropriate, terms providing for the partial or complete recapture of Fund Benefits disbursements if an applicant fails to maintain agreed-upon commitments, relating to, among other things, employment levels and/or project element due dates.

RECOMMENDATION

The Vice President – Marketing recommends that:

- (1) the Trustees accept the recommendations of the Western New York Allocation Board and make awards of Fund Benefits to the applicants in the amounts identified in Exhibit '4b-A,' conditioned upon an agreement to be negotiated with each applicant on the final terms and conditions that would be applicable to the awards to be contained in an Award Contract approved by the President and Chief Executive Officer, or his designee, and approved by the Executive Vice President and General Counsel, or his designee, as to form;
- (2) the Senior Vice President – Economic Development and Energy Efficiency, or his designee, be authorized to negotiate with the applicants concerning such final terms and conditions that will be applicable to the awards, and be authorized to consult with Empire State Development Corporation concerning the foregoing; and
- (3) the Senior Vice President – Economic Development and Energy Efficiency, or his designee, be authorized to execute on behalf of the Authority an Award Contract for each award listed on Exhibit '4b-A' subject to the foregoing conditions.

For the reasons stated, I recommend the approval of the above-requested actions by adoption of the resolution below."

Mr. Keith Hayes provided highlights of staff's recommendations to the Trustees.

In response to a question from Trustee McKibben, Mr. Hayes said that working with ESD, staff reviews all the necessary information from the companies; however, the contracts are not constructed and executed until after the Board's approval of staff's recommendation.

Upon motion made by Trustee McKibben and seconded by Trustee Kress, The following resolution, as submitted by the President and Chief Executive Officer, was unanimously adopted.

WHEREAS, the Western New York Power Proceeds Allocation Board (“Allocation Board”) has recommended that the Authority make awards of Fund Benefits from the Western New York Economic Development Fund (“Fund”) to the eligible applicants listed in Exhibit “4b-A” in the amounts indicated;

NOW THEREFORE BE IT RESOLVED, That the Authority hereby accepts the recommendations of the Allocation Board and authorizes awards of Fund Benefits to the applicants listed in Exhibit “4b-A” in the amounts indicated, conditioned upon an agreement between the Authority and each applicant on the final terms and conditions that would be applicable to the awards and set forth in written award contracts (“Award Contracts”) between the Authority and the applicants, approved by the President and Chief Executive Officer, or his designee, and approved by the Executive Vice President and General Counsel, or his designee, as to form; and be it further

RESOLVED, That the Senior Vice President – Economic Development and Energy Efficiency, or his designee, is authorized to negotiate with the applicants concerning such final terms and conditions that will be applicable to the awards, and is authorized to consult with Empire State Development Corporation (“ESD”) concerning the foregoing; and be it further

RESOLVED, That the Senior Vice President – Economic Development and Energy Efficiency, or his designee, is authorized to execute on behalf of the Authority an Award Contract for each of the awards listed on Exhibit “4b-A” subject to the foregoing conditions; and be it further

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

5. **Informational Item:**

The Role of Storage in the Transformation of the Energy Industry

Mr. Lurie said energy storage is becoming much more economical and is, potentially, filling a critical role to make the system more efficient. He said staff will make a presentation on the role of storage in the energy industry in an effort to introduce a strategic review of the business and competitive environments and industry changes. He then introduced Mr. Raj Diwan, Manager of Strategy Planning and Delivery and Mr. Guy Sliker, Director of Integrated Grid who provided an overview of the role of storage in the transformation of the Energy Industry (Exhibit 5-A).

Mr. Raj Diwan provided the following report:

“Energy Storage

- Storage is a means to hold energy that is produced in low periods of demand for use during periods when it is needed.
- Storage solves the basic dilemma posed by renewables. For example, solar is intermittent and produces energy during the day often at times when customers may not need to consume as much since peak usage generally occurs when the sun has gone down.

There are two types of storage:

- i. Front-of-the-Meter which is directly connected to the transmission/Distribution grid; and
- i. Behind-the-Meter (Residential/Non-Residential) which is connected to a distribution system behind the customers’ meter.

Storage Technologies

There are several different storage technologies:

- a. NYPA’s B-G pumped hydro plant is an excellent example of one form of storage technology;
- b. Batteries are becoming more and more prevalent. For example, electric vehicles which can be considered a storage device, as well as a battery pack that you may have in your home or garage;
- c. Utility scale solar;
- d. Flywheel, thermal, compressed air.

Key Trends

The U.S. storage market, as a whole, is experiencing tremendous growth and is forecasted to go up considerably over the next four years, up to 1.7 gigawatts, as predicted by GreenTech Media.

The markets for storage are very complex. For instance, whereas markets such as California or the mid-Atlantic region with PJM are structured to optimize the use of storage, there are some issues that New York still has to work through in order to make storage economically viable.

Role and Potential Impacts of Energy Storage

- Some state/regional policies are more favorable to storage.
- Storage is not yet economically viable in New York apart from certain C&I customer segments.
- Technology is still developing to provide power quality or duration needs.
- Front-of-meter market is driving growth in the U.S. and utilities are becoming increasingly interested in renewable plus storage solutions.
- New generation of technology savvy market players entering the market (e.g. Tesla wall).
- The circulated grid has been designed to meet a peak load that often occurs for a small amount of time in relation to the course of the year, resulting in a significant amount of idle capacity.

Storage can help improve system efficiency (affordability) and reliability by:

- a) allowing the storage of energy during periods of low demand (lower cost) so it can supplement supply during periods of peak demand (lowering costs);
- b) allowing customers to store energy prior to extreme weather events (reliability);
- c) working side-by-side with intermittent renewables to provide a reliable, consistent source of energy to consumers (reliability).

Storage can also enable the effective utilization of renewables (sustainability) by using the energy generated from them at times when they are most needed in the system – reducing the State's need for traditional, carbon generation.

As an enabler of affordable, reliable, and clean renewable generation, one could argue that storage will be the single most important innovative technology in the successful delivery of the state's 50% renewable energy goal by 2030.

It is important that NYPA takes a well thought-out approach on how it addresses trends in storage. On the one hand, NYPA is already working with customers to deploy storage technology on the grid and will continue to do so in an opportunistic way (e.g. SUNY New Paltz). On the other hand, as the storage trend unfolds and likely implications on the energy system begin to unveil, there are some things that NYPA should consider doing to position itself to take advantage of revenue opportunities for the organization and energy affordability, reliability and sustainability benefits for its customers and the State of New York.

The biggest risk to NYPA regarding storage is either not participating or participating too late. Therefore:

- NYPA must stay close to what private investors are doing in the storage space – they are a good early indicator of growth;
- NYPA must observe and perhaps try to influence policy market reform for storage technology;
- NYPA should keep an eye on key technology players such as Tesla, Panasonic, Solar City, and Google which are both potential competition and partners in the energy delivery space; and

- NYPA should draw on its energy technical expertise, financial capacity and infrastructure to support programs that help address typical storage challenges of duration, capacity, power quality and efficiency.

Storage Activities and Opportunities

Mr. Guy Sliker discussed some of NYPA's storage activities and opportunities. He said, over the years, NYPA has a lot of experience with storage. NYPA has large pumped hydro facilities which it continues to operate on behalf of its customers in New York State; however, given the current market conditions in New York, these hydro facilities are not being operated at full capacity. NYPA continues to look at those assets to see how they might be operated differently under new scenarios for penetration of renewables, or the changing markets in New York.

The Integrated Grid Group does a lot of work in due diligence with a focus on the customer side of the meter. Staff has tracked policies and markets that are emerging around storage and has met with several storage vendors and technology players. Over the years, the Authority installed storage mostly at customer sites where a customer might have a need for storage, e.g. the installation of batteries and ultra-capacitors. The Authority also had success in its electric transportation program, assisting its customers in getting a large number of electric-drive vehicles on the road.

The Authority is currently focusing on how the batteries in those vehicles and the charging equipment that is used to charge those vehicles can be used for grid support services. To that end, the Authority recently installed equipment that can respond to demand response programs by the utilities to turn the chargers off during peak periods or to enable the users of those vehicles to charge them during periods of low electricity costs.

Microgrids is another area of opportunity for storage. The Authority is currently working on a microgrid project at SUNY New Paltz whereby a storage device charged by solar will be used to integrate the system with the local utility and provide grid services back to the utility with some of the smart functions of the storage device.

The Authority is also working closely with its municipal and electric cooperative customers on their load profiles related to their hydro allocations using thermal storage.

Mr. Sliker continued that, given current markets, a lot of the storage technologies that are emerging in other markets like PJM are not highly economic for many of the Authority's customers to adopt. However, there are other opportunities for storage that are emerging especially under the Reforming the Energy Vision ("REV") initiative that the Authority and its customers can adopt.

In response to a question from Chairman Koelmel, Mr. Sliker said that how distributed storage, such as on the residential side of the meter, will provide reserve capacity to the grid is still undefined; and in what way storage can close the gap will be dependent on the market and reliability rules which are still unwritten. President Quiniones added that, even with the growth rate, storage is still very small relative to the entire system.

Mr. Lurie said that there are a limited number of markets in the entire U.S. that are going to put in place the incentives necessary for penetration to occur. In some markets, e.g. California and New York, the growth for storage will be concentrated until the regulatory change is adopted more broadly. If REV puts the incentives in place, there could be a faster growth rate in New York. As Mr. Sliker mentioned, it depends on several factors, not just changing the pricing signals, but it will also allow customers who have this capacity at their premises to sell that capacity back to the grid; however, the system does not allow that at the present time. This "two-way" and "multi-way" sale of power will make it take off; however, it is still being developed in the regulatory model which REV is attempting to achieve. Mr. Lurie said that in the near future, New York City or Long Island will be able to combine storage with solar and be able to match what the local utility is charging.

6. Board Resolution – Edward Welz

President Quiniones made the following comments in honor of Mr. Ed Welz's retirement from the Authority:

"When historians write about the Power Authority Ed Welz will be noted as the best Chief Operating Officer of this 85-year-old institution.

Robert Moses built our initial power plants – St. Lawrence and then Niagara. NYPA then continued to build the transmission system – Blenheim-Gilboa; the nuclear plants, Indian Point 3 and James A. Fitzpatrick; the Small Clean Power plants in the City; and the Combined Cycle plants, both in New York City and Long Island. For the record, Ed Welz was personally involved in all of the modernization, overhaul and upgrades of those facilities. And now, the Transmission Life Extension and Modernization and the small hydropower plants Life Extension and Modernization projects all occurred under the leadership of Ed Welz.

And so, while Robert Moses and others built our original assets, it was under Ed's leadership that all of them have been modernized for the benefit of all New Yorkers over the next 40 to 50 years.

I joined NYPA in October of 2007 and I have been blessed to have Ed with me in the foxhole. I can rely on him anytime. And I knew that when it came to the operations of the Power Authority he had that covered -- he had my back covered. His loyalty and friendship has been a blessing and I consider him a friend.

It is with mixed emotions that I say it's time for Ed to move on. It reminds me of sports -- I did not want Derek Jeter or Mariano Rivera to stop playing for the Yankees, but it was time for them to retire and it's similar to Ed. And if we can hang numbers upon the NYPA rafters, I would hang Ed's jersey, No. 34, which is the number of years that he has given this Authority.

So, Mr. Chairman, before we hand him the resolution and statements from the board I would like to read a very short letter from Governor Cuomo (Exhibit "6-A").

"Dear Ed,

I am proud to offer my warm congratulations and profound thanks as you retire from a long, exemplary career at the New York Power Authority.

For 34 years your leadership, skill, and tireless dedication have made you an invaluable asset to NYPA, helping to build a cleaner, smarter, and more resilient power grid for New York while meeting some of the most critical energy and environmental challenges in our state's history. Your expertise and guidance have helped immeasurably to modernize the Authority and advance our landmark Reforming the Energy Vision initiative, and your tireless efforts during our recovery from Tropical Storms Irene and Lee and Superstorm Sandy only enhanced your tremendous value to our state.

On behalf of all New Yorkers, thank you for your history of extraordinary leadership, service, and commitment, and congratulations again on your well-deserved retirement. Best wishes to you, Lenore, and your family for much future success and happiness.

Warmest regards.

Sincerely,

Andrew M. Cuomo”

Chairman Koelmel made the following remarks:

“On behalf of the Board I want to thank Ed for his incredible contributions to the organization and all it serves. Ed has made the Board’s job that much easier. It is always great to go out on top and Ed is certainly doing that in terms of where he is leaving the organization. Ed has created the team he has positioned to step in and begin to fill his shoes and take the organization to the next level. So, congratulations. It’s been an honor and a pleasure to work with you.”

Vice Chairman Nicandri said that he has been serving on the Board for almost eight years. Ed made it a pleasure and an honor to be a member of the Board of Trustees because he has always been very helpful. When he needed education, Ed was more than willing to provide it. So, it’s been an honor and a pleasure working with Ed.

In response, Mr. Welz said:

“This Board has been incredibly supportive of the Operations group and I cannot thank each and every one of you enough for always being there and understanding the challenges that they have. As Gil said, whether it was through Tropical storm Sandy or Super storm Lee or Irene, we have weathered a lot. I do consider Gil a friend and, as any family, you have your ups and downs, but you know you are stronger for it in the end. And, I want to just reiterate to the Board how much I truly do appreciate the solid support that you have given us over the years. You have always been there to help us to be successful and I want to thank you very, very much. I love this place and it’s going to be hard to leave all the people that I’m very, very close to. I just want to take this opportunity to thank each and every one of you for the tremendous support you’ve given me, personally and professionally, within this organization, over the past 34 years.”

Upon motion made by Vice Chairman Nicandri and seconded by Trustee Picente, the following resolution, as submitted by the President and Chief Executive Officer, was unanimously adopted.

WHEREAS, Edward A. Welz has been an inspirational example of professionalism, dedication and visionary leadership in his more than three decades of distinguished service to the New York Power Authority and the State of New York; and

WHEREAS, Mr. Welz has held various crucial NYPA engineering and operations positions, starting in 1982 as an assistant electrical engineer and rising through the ranks to become chief engineer and senior vice president in 2006 and, finally, executive vice president and chief operating officer in 2011, where he has exacted the highest performance standards from his staff of approximately 1,100 and the 16 power plants and more than 1,400 circuit-miles of transmission lines under his auspices; and

WHEREAS, by virtue of his operational and engineering expertise and managerial skills, Mr. Welz has put his personal stamp on a succession of critical Power Authority initiatives, ranging from the ambitious Transmission Life Extension and Modernization program and investments in transformative smart-grid technologies to upgrades and maintenance projects for optimizing NYPA's fleet of power plants to ensure their efficient, reliable operation for years to come; and

WHEREAS, Mr. Welz's emphasis on training and emergency preparedness of operational personnel proved invaluable during Tropical Storms Irene and Lee in late summer 2011 when plant staff at the Blenheim-Gilboa Pumped Storage Power Project responded quickly and heroically to unprecedented flood water conditions in Central New York and, again, approximately one year later when staff ensured the continued operation of NYPA's downstate facilities during Superstorm Sandy; and

WHEREAS, Mr. Welz's consistent focus on personnel safety led him to establish a practice of beginning all Operations meetings with a safety talk and engendered a pervasive culture throughout the organization that has resulted in record low numbers of safety incidents at the Power Authority, leading to numerous industry honors; and

WHEREAS, Mr. Welz was tapped to manage an integrated team as part of the Power Authority's first culture change initiative ("Focus"), where, in addition to meeting his future wife and fellow NYPA employee, Leanore, he helped the organization adapt to the first wave of utility deregulation in the mid-to-late 1990s; and

WHEREAS, Mr. Welz was also a principal architect of the Power Authority's Strategic Vision 2020 plan, which has helped to position NYPA to enhance its strengths and adapt and add to its current capabilities in helping to make New York a leader in the power industry; and

WHEREAS, in 2015, Mr. Welz led NYPA's management team through impasse mediation to an agreement that resulted in a new contract with Local 2032 and Local 2014 of the International Brotherhood of Electrical Workers that reflects the high value NYPA places on the skills and dedication of its unionized workforce; and

WHEREAS, Mr. Welz's adherence to the Lao Tzu management philosophy that "A leader is best when people barely know that he exists" epitomized his collaborative management style and encouraged his staff to view him as a trusted mentor and an inspiring adviser; and

WHEREAS, Mr. Welz used his position to diversify NYPA's Operations organization, promoting many women and minorities to senior positions, including the first female vice president, director and project manager in Operations and the first African-American regional manager; and

WHEREAS, Mr. Welz is retiring from the Power Authority after a 34-year tenure in which his singular talents and expertise have brought immense benefit to the Authority and the people of New York State;

May 24, 2016

NOW THEREFORE BE IT RESOLVED, That the Trustees of the Power Authority of the State of New York express their thanks and admiration to Ed Welz for his many achievements and convey to him; Leanore, their daughter, Nicole, and grandson, Mario Edward, sincere wishes for many healthy, happy and rewarding years ahead.

May 24, 2016

7. **Motion to Conduct an Executive Session**

Mr. Chairman, I move that the Authority conduct an executive session pursuant to the Public Officers Law of the State of New York section §105 to discuss the financial condition of an entity and to consult with counsel about an ongoing investigation, pursuant to the Public Officers Law of the State of New York section §108(3), which exempts from the Open Meetings Law any matter made confidential by federal or state law. Upon motion made by Vice Chairman Nicandri and seconded by Trustee Picente, an executive session was held.

8. **Motion to Resume Meeting in Open Session**

Mr. Chairman, I move to resume the meeting in Open Session. Upon motion made and seconded, the meeting resumed in Open Session.

9. **Next Meeting**

The Regular meeting of the Trustees will be held on July 26, **2016 at the Clarence D. Rappleyea Building, White Plains, New York**, unless otherwise designated by the Chairman with the concurrence of the Trustees.

Closing

Upon motion made and seconded, the meeting was adjourned at approximately 12:30 p.m.

Karen Delince

Karen Delince
Corporate Secretary

EXHIBITS

For

May 24, 2016

Annual Meeting

Minutes

EXHIBIT "A"

May 24, 2016~~March 27, 2012~~

**BY-LAWS
of the
POWER AUTHORITY
OF THE STATE OF NEW YORK**
Statutory Authority
Public Authorities Law §1004

Originally Adopted.....April 9, 1954,
and amended.....July 28, 1954;
September 28, 1956;
May 1, 1961;
December 19, 1966;
July 1, 1968;
April 27, 1978;
November 28, 1978;
October 31, 1979;
December 18, 1984;
January 22, 1985;
October 29, 1985;
April 29, 1986;
February 28, 1989;
February 22, 1994;
April 26, 1994;
August 29, 1995;
December 17, 1996;
September 11, 1997;
December 15, 1998;
October 26, 1999;
November 28, 2000;
April 30, 2002;
February 28, 2006;
April 28, 2006;
April 24, 2007;
October 30, 2007;
October 28, 2008;
February 24, 2009;
December 15, 2009;
January 26, 2010;
October 26, 2010;
July 26, 2011;
March 27, 2012;
May 24, 2016

Power Authority of the State of New York
30 South Pearl Street
Albany, New York 12207

BY-LAWS Of the POWER AUTHORITY OF THE STATE OF NEW YORK

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ARTICLE I – Offices

Section 1. Principal Office

The principal office of the Power Authority of the State of New York (hereinafter referred to as the "Authority") shall be its Albany, New York office.

Section 2. Other Offices

The Authority may also have offices at such other places as the Trustees of the Authority (hereinafter referred to collectively as the "Trustees" and each individually as a "Trustee") may from time to time determine or the business of the Authority may require.

Section 3. Books And Records

Except as otherwise determined by the Trustees or as the business of the Authority may require, all books and records of the Authority shall be kept at its White Plains, New York office.

ARTICLE II – Trustees

Section 1. Number, Term, Appointment And Vacancies

The number and term of Trustees and the appointment and process of filling vacancies shall be governed by Title 1 of Article 5 of the New York State Public Authorities Law (hereinafter referred to as the "Power Authority Act").

Section 2. Powers And Duties

The powers and duties of the Trustees shall be governed by the Power Authority Act and shall include those powers and duties set forth in section 2824 of the Public Authorities Law. To implement these powers and duties, the Trustees shall, oversee the Authority's chief executive and executive management in the effective and ethical management of the Authority; ~~understand, review and monitor financial, management and operational decisions of the Authority; annually approve the salary of the President and Chief Executive Officer and the Executive Management Committee; and annually review and approve employee policies governing: salary, compensation, benefits, and attendance.~~ Trustees shall be responsible for acting in good faith, with independent judgment and shall adhere to the Authority's code of conduct and conflict of interest procedure. The following are certain, but not all, actions by the Authority that require an act of the Trustees:

(a) establishment of policies regarding the payment of salary, compensation and reimbursements to, and establish rules for the time and attendance of, the chief executive and management;

(b) adoption of a code of ethics applicable to each officer, director and employee that, at a minimum, includes the standards established in section seventy-four of the public officers law;

(c) establishment of written policies and procedures on personnel including policies protecting employees from retaliation for disclosing information concerning acts of wrongdoing, misconduct, malfeasance, or other inappropriate behavior by an employee or board member of the authority, investments, travel, the acquisition of real property and the disposition of real and personal property and the procurement of goods and services; and

(d) adoption of a defense and indemnification policy and disclose such policy to any and all prospective Trustees.

ARTICLE III - Trustees' Meetings

Section 1. General

The meetings of the Trustees shall be governed by Article 7 of the Public Officers Law (hereinafter referred to as the "Open Meetings Law").

Section 2. Place Of Meetings

Meetings of the Trustees shall be held at the principal office of the Authority or at such other place as the Trustees may from time to time designate. ~~Trustees may conduct meetings by videoconference.~~

Section 3. Videoconferencing Meetings

As authorized by the Open Meetings Law, meetings of Trustees may be conducted by videoconferencing if the public is provided an opportunity to attend, listen and observe at any site at which a Trustee participates in such meeting.

Section 42. Annual Meeting

The annual meeting of the Trustees shall be held in March of each year, unless otherwise determined by them and at such time and place as the Trustees may from time to time designate.

Section 53. Regular Meetings

Regular meetings of the Trustees shall be held in accordance with a schedule adopted annually by the Trustees for that purpose and may be changed from time to time within that year by the Chair in consultation with the Trustees.

Section 64. Special Meetings

Special meetings of the Trustees may be called by the Chair or Vice Chair or upon the request of any three Trustees. The Corporate Secretary shall give notice of the time, place and purpose or purposes of each special meeting by mail at least three days before the meeting or in person or by telephone or facsimile or by other electronic communication at least two days before the meeting to each Trustee. The notice required to be given under this section may be waived by the Trustee to whom such notice is required to be given.

Section ~~75~~. Quorum

At all Trustees' meetings, the presence of four Trustees shall be necessary to constitute a quorum and shall be sufficient for the transaction of business. Any act shall be sufficient for the transaction of business if such four Trustees are in agreement and any act of such four Trustees present at a meeting and which constitutes a quorum shall be an act of the Trustees. ~~Participation by videoconference shall count for quorum and voting purposes but participation by telephone shall not.~~ A Trustee may participate by videoconference, which shall count for quorum and voting purposes. A Trustee may participate by telephone but such participation shall not count for quorum or voting purposes.

ARTICLE IV –Officers

Section 1. Officers

The ~~statutory~~ officers of the Authority shall be a Chair and a Vice Chair, ~~whose offices are created by and named in Section 1004 of the Public Authorities Law and who shall be chosen from among the Trustees; the non-statutory officers of the Authority shall be a President and Chief Executive Officer, a Chief Operating Officer, one or more Executive Vice Presidents, an Executive Vice President and General Counsel, a Corporate Secretary, a Treasurer, a Controller and such other officers as may be deemed necessary by the Trustees upon recommendation of the Governance Committee to transact the business and exercise the general and special powers of the Authority, all of whom shall be employees of the Authority. and such engineering, marketing and legal officers and employees as the Trustees may require from time to time, including, without limitation, the Chief Engineering Officer, Chief Legal Officer, Chief Financial Officer, Chief Marketing Officer, Corporate Secretary, Chief Internal Control Officer and Chief Internal Audit Officer.~~

Section 2. ~~Election Appointment Of Non-Statutory Officers~~

~~The officers shall be appointed by formal resolution adopted The President and Chief Executive Officer, the Chief Operating Officer, the Executive Vice President and General Counsel, the Executive Vice President and Chief Engineer—Power Supply, the~~

~~Executive Vice President—Chief Administrative Officer, the Executive Vice President and Chief Financial Officer, the Executive Vice President—Economic Development and Energy Efficiency, the Corporate Secretary and all other non-statutory officers shall be elected~~ by the Trustees upon the recommendation of the Governance Committee at any annual, regular or special meeting of the Trustees, except that the Vice President—Chief Internal Audits Officer, ~~who~~ shall be appointed by the Trustees upon the recommendation of the Audit Committee and ~~serve at the pleasure of the Audit Committee.~~

Section 3. Term Of Office

~~The President and Chief Executive Officer, the Chief Operating Officer, the Executive Vice President and General Counsel, the Corporate Secretary, the Executive Vice President and Chief Engineer—Power Supply, the Executive Vice President and Chief Financial Officer, the Executive Vice President—Economic Development and Energy Efficiency and the Executive Vice President—Chief Administrative Officer and all other All non-statutory~~ officers shall each hold office until his or her successor is chosen and qualified or until his or her earlier removal, resignation or death.

Section 4. Vacancies

~~The Trustees may leave unfilled any office except those of Chair, Vice Chair, President and Chief Executive Officer, Chief Operating Officer, Executive Vice President and General Counsel or Corporate Secretary. In addition, T~~ the Trustees may fill these positions with an acting or interim appointment until such time as a permanent replacement is ~~elected~~appointed.

Section 5. Removal

Any officer ~~elected~~appointed by the Trustees herein shall be subject to removal at any time by the Trustees with or without cause.

Section 6. Compensation of Officers

The Chair shall receive such salary or compensation as may be determined by the Trustees, not to exceed the level set by Section 1003 of the Power Authority Act and Section 169(1)(f) of Executive Law. The Trustees shall set compensation levels for the Chief Executive Officer and officers.

Section 7. Powers And Duties

A. CHAIR

The Chair shall preside at all meetings of the Trustees, shall be responsible for developing the strategic vision and mission of the Authority and shall on behalf of the

Trustees oversee the Authority's chief executive and management in the effective and ethical management of the Authority. The Chair may appoint such assistants and employees as he or she may deem necessary in order to perform such function and may fix their power, duties and compensations. The Chair may delegate to the Vice Chair, President and Chief Executive Officer or other officer or officers such of the Chair's powers and functions in the general supervision of the business of the Authority to the extent such delegation is consistent with the Power Authority Act and other applicable provisions of law.

B. VICE CHAIR

The Vice Chair shall possess such powers and shall perform such duties as may be assigned to him or her from time to time by the Trustees. The Vice Chair shall be Acting Chair in the absence or incapacity of the Chair and shall assume the powers and perform all duties of the Chair if the Chair is unable to perform such duties for any reason. The Vice Chair, when acting in the capacity of Acting Chair under this section, may delegate the powers or duties of Chair to another Trustee or the President and Chief Executive Officer during the period of disability or incapacity of the Chair.

C. ~~PRESIDENT AND~~ CHIEF EXECUTIVE OFFICER

The Chief Executive Officer (the "President and Chief Executive Officer") of the Authority, when elected by the Trustees and confirmed by the Senate, shall be the Chief Executive Officer of the Authority and, subject to such supervision as the Chair or the Trustees may from time to time exercise, shall report directly to the Trustees, have such duties and powers as hereinafter described. The President and Chief Executive Officer and shall be responsible for the general supervision and direction of the operations, business and activities of all of the Authority, 's operations. Subject to the control of the Trustees, with the exception of those for activities or business units under the supervision of officers reporting to the Chair or the Trustees, ~~he or she shall have primary responsibility for the activities of all Authority business units. Subject to the Authority's expenditure authorization procedures, t~~The President and Chief Executive Officer may sign, execute and deliver in the name of the Authority powers of attorney, contracts, agreements, leases, notes, checks, drafts, bonds, obligations and such documents other than those required by these By-laws, law or resolution to be executed by the Chair and/or the Corporate Secretary. The President and Chief Executive Officer may, as deemed appropriate, delegate his or her powers and responsibilities to any ~~non-statutory~~ officers of the Authority.

D. CHIEF ENGINEERING OPERATING OFFICER

The Chief Engineering Operating Officer (the "Executive Vice President and Chief Operating Officer") of the Authority shall report directly to the President and Chief Executive Officer, when elected by the Trustees, shall have such duties and powers as hereinafter described. The Chief Operating Officer shall manage and monitor the utility day-to-day operations of the Authority, and shall exercise such other duties as the

~~President and Chief Executive Officer or Trustees shall from time to time determine, and shall report on same to the President and Chief Executive Officer. The Executive Vice President and Chief Operating Officer shall supervise the operation and maintenance of all of the Authority's generation and transmission facilities; energy resource management; generation and transmission planning and development; licensing and construction; technical and operational compliance; and environment, health and safety. Subject to the Authority's expenditure authorization procedures, the Chief Operating Officer may sign, execute and deliver in the name of the Authority powers of attorney, contracts, agreements, leases, notes, checks, drafts, bonds, obligations and such documents other than those required by these By-laws, law or resolution to be executed by the Chair and/or the Corporate Secretary. The Chief Operating Officer may, as deemed appropriate, delegate his or her powers and responsibilities to any non-statutory officers of the Authority.~~

~~E. EXECUTIVE VICE PRESIDENT AND CHIEF ENGINEER — POWER SUPPLY~~

~~The Executive Vice President and Chief Engineer — Power Supply shall be responsible for the safe, reliable and cost-effective operation and maintenance of all Authority generating and transmission facilities; all engineering, construction, maintenance and project management services and staff functions of business development and asset management, environment, health and safety, technical training and project development and licensing and shall report on same to the Chief Operating Officer.~~

~~EF. CHIEF LEGAL OFFICER EXECUTIVE VICE PRESIDENT AND GENERAL COUNSEL~~

~~There shall be an Chief Legal Officer (the "Executive Vice President and General Counsel") of the Authority, who shall report to both the Trustees and the President and Chief Executive Officer, and be the chief legal officer of the Authority. In that capacity, he or she shall advise and represent the Authority generally in all legal matters and proceedings, including legislative proceedings; shall designate those employees who shall be eligible to accept service of process on behalf of the Authority, and possess shall exercise such other duties as the President and Chief Executive Officer or Trustees shall from time to time determine powers; and shall have general supervision over the property, business and affairs of the Office of the General Counsel. In addition, the Executive Vice President and General Counsel, together with the Chair and the Board of Trustees, shall supervise and direct the activities of the Office of the Corporate Secretary and the Office of Vice President and Chief Ethics and Compliance Officer.~~

~~G. EXECUTIVE VICE PRESIDENT — CHIEF ADMINISTRATIVE OFFICER~~

~~The Executive Vice President — Chief Administrative Officer, shall oversee the day-to-day administration of the Authority and report to and advise the President and Chief Executive Officer on all administrative matters. The Executive Vice President — Chief Administrative Officer shall coordinate the activities of the various business units, except for those under the supervision of officers reporting to the Chair or the Trustees, and the activities and projects of the President and Chief Executive Officer. In addition, the~~

~~Executive Vice President—Chief Administrative Officer shall ensure that assignments are carried out for and reported to the President and Chief Executive Officer and provide operational and strategic support to the Chair and the Board of Trustees.~~

FH. EXECUTIVE VICE PRESIDENT AND CHIEF FINANCIAL OFFICER

~~The Executive Vice President and Chief Financial Officer (the “Executive Vice President and Chief Financial Officer”) of the Authority shall be responsible for the overall supervision of the financial activities of the Authority, and shall exercise such other duties as report and give advice to the President and Chief Executive Officer or Trustees shall from time to time determine. The Executive Vice President and Chief Financial Officer report directly to the President and Chief Executive Officer and shall, when requested, shall give advice to the Chair and Trustees as they may request and shall supervise and direct the activities of the Business Services Division regarding financial and investment policies of the Authority, oversee the Authority’s investment program, recommend and implement financial policies of the Authority and participate in the preparation of the financial reports of the Authority required by applicable law.~~

GI. EXECUTIVE VICE PRESIDENT—ECONOMIC DEVELOPMENT AND ENERGY EFFICIENCY CHIEF MARKETING OFFICER

~~The Chief Marketing Officer (the “Executive Vice President and Chief Commercial Officer”) of the Authority — Economic Development and Energy Efficiency shall report directly to the President and Chief Executive Officer, shall oversee all of the Authority’s manage and direct the Authority’s client-based power programs for; its economic development; and energy efficiency, services and technology; and the development of new products and programs, and shall exercise such other duties as the President and Chief Executive Officer or Trustees shall from time to time determine. The Executive Vice President and Chief Commercial Officer shall perform such other duties as the President and Chief Executive Officer may from time to time determine.~~

HJ. CORPORATE SECRETARY

~~The Corporate Secretary shall report to the Chair, and the Board of Trustees, and to the Executive Vice President and General Counsel, and shall attend all meetings of the Trustees and be responsible for maintaining the corporate record, giving all votes and shall keep a record of the proceedings of the Trustees in a Minutes Book to be kept for that purpose. The Corporate Secretary shall cause notice to be given of all meetings of the Trustees and shall be custodian of the records of the actions of the Trustees and shall keep in safe custody the seal of the Authority and shall have the authority to and affixing the corporate such seal to all documents as and papers authorized, and shall exercise such other duties as the President and Chief Executive Officer or Trustees shall from time to time determine, to be executed by the Trustees or officers of the Authority requiring such seal to be affixed. The Corporate Secretary shall attest to the signatures of the Trustees and officers of the Authority and shall have the authority to cause copies to be made of all minutes, resolutions, records and documents of the~~

~~Authority and to deliver certificates under seal to the effect that such copies are true and accurate and that all persons dealing with the Authority may rely on same.~~

IK. TREASURER

The Treasurer shall have general custody of all funds and securities of the Authority and have general supervision of the collection and disbursement of Authority funds and shall endorse on behalf of the Authority for collection checks, notes and other obligations, and shall deposit the same to the credit of the Authority in such bank or banks or depositories as the Trustees may designate. The Treasurer may sign with the Chair, or such other person or persons as may be designated for such purpose by the Trustees, all bills of exchange or promissory notes of the Authority, and shall exercise such other duties as the President and Chief Executive Officer or Trustees shall from time to time determine.

JL. CHIEF INTERNAL CONTROLLER OFFICER

The Chief Internal Control Officer (the “Controller”) shall be in charge of the accounting operations, the preparation of fiscal accounts and the coordination of ~~all~~ external audits of the Authority, and shall exercise such other duties as the President and Chief Executive Officer or Trustees shall from time to time determine.

KM. CHIEF VICE PRESIDENT – INTERNAL AUDITS OFFICER

The Chief Internal Audit Officer (the “Senior Vice President, Internal Audit”) ~~There shall report directly to the Trustees be a separate Office of Internal Audits which shall report to the Audit Committee~~ and shall have such other powers and perform such other duties as customarily pertain to such office, and shall exercise such other duties as the President and Chief Executive Officer or Trustees shall from time to time determine ~~as may be assigned to it by the Chair, the Board of Trustees, or the President and Chief Executive Officer.~~ The Senior Vice President, ~~Internal Audits~~ shall meet at least twice ~~three times~~ per year with the Audit Committee.

LN. SUCCESSION – ABSENCE OR VACANCY OF OFFICE OF PRESIDENT AND CHIEF EXECUTIVE OFFICER

In the event of the incapacity or absence of the President and Chief Executive Officer, the Executive Vice President and Chief Operating Officer, shall perform the duties of the President and Chief Executive Officer. If the office of Executive Vice President and Chief Operating Officer, is vacant or the incumbent is absent, then ~~the Executive Vice President and Chief Engineer—Power Supply shall perform the duties of the President and Chief Executive Officer. If the offices of Chief Operating Officer and Executive Vice President and Chief Engineer—Power Supply are vacant or the respective incumbents are absent, then~~ the Executive Vice President and General Counsel shall perform the duties of the President and Chief Executive Officer. If the offices of Executive Vice President and Chief Operating Officer, ~~Executive Vice President and Chief Engineer—~~

~~Power Supply~~ and Executive Vice President and General Counsel are vacant or the respective incumbents are absent, then the Executive Vice President and Chief Financial Officer shall perform the duties of the President and Chief Executive Officer.

ARTICLE V – Committees

Section 1. Executive Management Committee

The President and Chief Executive Officer, the Executive Vice President and Chief Operating Officer, the Executive Vice President and General Counsel, ~~the Executive Vice President and Chief Engineer – Power Supply,~~ the Executive Vice President and Chief Financial Officer, and such other officers and employees as the President and Chief Executive Officer may from time to time designate shall be members of an Executive Management Committee which shall periodically review and propose Authority corporate strategies, policies and programs and shall report on and make recommendations, to the Trustees. Any officer or employee so designated shall serve on the Executive Management Committee at the pleasure of the President and Chief Executive Officer. The President and Chief Executive Officer, or in whose absence or disability his or her designee, shall preside at Executive Management Committee meetings, which shall be held quarterly or more often as the President and Chief Executive Officer may designate.

Section 2. Audit Committee

The Trustees shall establish an Audit Committee to be comprised shall consist of not less than three ~~nor more than five independent~~ members, appointed by the Trustees, who shall constitute a majority on the committee, and who of the Board of Trustees. At least three members of the Committee shall be independent members of the Board of Trustees. All the members of the Audit Committee shall possess the necessary skills to understand the duties and functions of the Audit Committee; provided, however, that in the event that the Trustees have less than three independent members, the Trustees may appoint non-independent members to the Audit Committee, provided that the independent members must constitute a majority of the members of the Audit Committee. The Audit Committee shall have responsibilities related to: the independent auditor and annual financial statements; the Authority's internal auditors; oversight of management's internal controls, compliance and risk assessment practices; and miscellaneous issues related to the financial practices of the Authority. The committee shall, among other duties, recommend to the Trustees the hiring of a certified independent accounting firm for such authority, establish the compensation to be paid to the accounting firm and provide direct oversight of the performance of the independent audit performed by the accounting firm hired for such purposes. The Audit Committee will meet a minimum of twice a year, with the expectation that additional meetings may be required to fulfill all the required obligations and duties and shall be familiar with corporate financial and accounting practices. It shall be the responsibility of the Audit Committee to recommend to the Trustees the hiring of a certified independent accounting firm for the Authority; establish the compensation to be paid to the

~~accounting firm; provide direct oversight of the performance of the independent audit performed by the accounting firm hired for such purpose; and perform such other responsibilities as the Trustees shall from time to time assign to it.~~

Section 3. Governance Committee

The ~~Trustees shall establish a~~ Governance Committee ~~to be comprised shall consist of~~ not less than three ~~independent members, appointed by the Trustees, who shall constitute a majority on the committee, and who nor more than five members of the Board of Trustees. At least three members of the Committee shall be independent members of the Board of Trustees. All the members of the Governance Committee shall possess the necessary skills to understand the duties and functions of the Governance Committee; provided, however, that in the event that the Trustees have less than three independent members, the Trustees may appoint non-independent members to the Governance Committee, provided that the independent members must constitute a majority of the members of the Governance Committee.~~ It shall be the responsibility of the ~~members of the Governance Committee, among other duties~~ to keep the Trustees informed of current best governance practices; ~~to~~ review corporate governance trends; ~~to~~ recommend updates to the Authority's corporate governance principles; ~~to review special investigations and whistleblower policies; to~~ advise appointing authorities on the skills and experience required of potential Trustees; ~~to~~ examine ethical and conflict of interest issues; ~~to~~ perform Trustee self-evaluations; ~~and to~~ recommend By-laws which include rules and procedures for conduct of Trustee business.; ~~The Governance Committee will meet a minimum of twice a year; with the exception that additional meetings may be required to adequately fulfill all the required obligations and duties make recommendations to the Board of Trustees on the election of statutory and non-statutory officers and their compensation; and perform such other responsibilities as the Trustees shall from time to time assign to it.~~

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Authority, as well at such times deemed advisable by the chair, at minimum once a year.

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The Strategic Planning and Energy Policy Committee shall consist of not less than three ~~independent nor more than five~~ members, ~~appointed by~~ of the ~~Board of~~ Trustees. ~~At least three members of the Committee shall be independent members of the Board of Trustees.~~ It shall be the responsibility of the Strategic Planning and Energy Policy Committee to review the Authority's mission and develop, at least annually, a strategic vision for the Authority, with emphasis on its future goals, projects and overall direction.

Section 6. Other Committees

The Trustees or the Chair may appoint other committees which shall have and may exercise such powers as shall be authorized by the Trustees, Chair or President and Chief Executive Officer.

ARTICLE VI - Corporate Seal

Section 1. Seal

The seal of the Authority shall be a design symbolizing its activities and shall be surrounded by the words "Power Authority of the State of New York" as shown by the following impression of such seal:



ARTICLE VII - Fiscal Management

Section 1. Fiscal Year

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The Trustees shall annually review a strategic plan developed by the Executive Management Committee under the supervision of the Strategic Planning and Energy Policy Committee, which shall become the basis for the development of departmental plans, the annual budget and the capital expenditure plan.

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The Trustees shall review an annual capital expenditure plan which shall summarize all present and proposed capital projects.

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The Trustees shall adopt expenditure authorization procedures which shall govern the annual budget, capital expenditure plan, contract executions and all approval authorizations.

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The Trustees, except as otherwise provided in these By-laws, may authorize any officer or other employee to execute any requisition, voucher, draft or check for the disbursement or transfer of funds of the Authority.

ARTICLE VIII - Execution of Instruments

Section 1. Execution Of Instruments

The Trustees, except as otherwise provided in these By-laws, may authorize any officer, employee or agent, pursuant to the expenditure authorization procedures or otherwise, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Authority, and such power to execute and deliver may be general or specific; unless so authorized, no officer, employee or agent shall have any power or authority to bind the Authority by any contract or engagement or pledge of its credit or to render it liable pecuniarily for any purpose or in any amount. The Vice President – Procurement is authorized to execute contracts, agreements and other documents and instruments in accordance with the Authority's expenditure authorization procedures.

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Section 1. Amendment

The Trustees shall have the power to amend, alter or repeal any provision or provisions of these By-laws at any annual, regular or special meeting.

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Section 1. Additional Appointments

The Executive Vice President and Chief Operating Officer shall appoint all regional managers ~~and site executive officers~~.

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The Trustees shall approve, submit and publish an annual report, as prescribed by the Public Authorities Law, within ninety days after the close of the Authority's fiscal year. The annual report shall be certified by the Chair, the President and Chief Executive Officer and the Executive Vice President and Chief Financial Officer to the extent required by the Public Authorities Law. The annual report shall be accompanied by such other documents and information as the Public Authorities Law requires. Additionally, the Trustees shall report annually to the governor and the legislature upon its operations and transactions, as required by Section 1002(2) of Public Authorities Law.

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The provisions of the Defense and Indemnification Policy (the "Policy") of the Authority ~~as amended and adopted on April 26, 1994~~, and the provisions of the resolution as amended and adopted by the Authority on April 26, 1994, conferring the benefits of Section 18 of the New York Public Officers Law ("POL § 18") on the Authority's Trustees and employees and agreeing to be held liable for the costs thereof, shall constitute a contract between the Authority and each of its Trustees and employees, as such persons are defined in the Policy, and the Authority agrees that consistent with the Policy, the benefits thereof shall be made available to each Trustee or employee with respect to any act or omission which has occurred or may in the future occur during the period ~~such the~~ Policy and the resolution conferring the benefits of POL § 18 are in effect, and no amendment to such Policy or such resolution which modifies the provisions thereof shall take effect with respect to any act or omission of a Trustee or employee which occurred prior to the effective date of such amendment unless the effect of such amendment is to increase the defense and indemnification protection afforded to such Trustee or employee prior to such effective date.

Section 4. Authority Policies And Procedures

Unless otherwise provided by law, regulation or these By-laws, every officer or employee of the Authority shall be subject to all Authority policies and procedures.

EXHIBIT “B”

May 24, 2016

**BY-LAWS
of the
POWER AUTHORITY
OF THE STATE OF NEW YORK**
Statutory Authority
Public Authorities Law §1004

Originally Adopted.....April 9, 1954,
and amended.....July 28, 1954;
September 28, 1956;
May 1, 1961;
December 19, 1966;
July 1, 1968;
April 27, 1978;
November 28, 1978;
October 31, 1979;
December 18, 1984;
January 22, 1985;
October 29, 1985;
April 29, 1986;
February 28, 1989;
February 22, 1994;
April 26, 1994;
August 29, 1995;
December 17, 1996;
September 11, 1997;
December 15, 1998;
October 26, 1999;
November 28, 2000;
April 30, 2002;
February 28, 2006;
April 28, 2006;
April 24, 2007;
October 30, 2007;
October 28, 2008;
February 24, 2009;
December 15, 2009;
January 26, 2010;
October 26, 2010;
July 26, 2011;
March 27, 2012;
May 24, 2016

Power Authority of the State of New York
30 South Pearl Street
Albany, New York 12207

BY-LAWS **Of the** **POWER AUTHORITY** **OF THE STATE OF NEW YORK**

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ARTICLE I – Offices

Section 1. Principal Office

The principal office of the Power Authority of the State of New York (hereinafter referred to as the "Authority") shall be its Albany, New York office.

Section 2. Other Offices

The Authority may also have offices at such other places as the Trustees of the Authority (hereinafter referred to collectively as the "Trustees" and each individually as a "Trustee") may from time to time determine or the business of the Authority may require.

Section 3. Books And Records

Except as otherwise determined by the Trustees or as the business of the Authority may require, all books and records of the Authority shall be kept at its White Plains, New York office.

ARTICLE II – Trustees

Section 1. Number, Term, Appointment And Vacancies

The number and term of Trustees and the appointment and process of filling vacancies shall be governed by Title 1 of Article 5 of the New York State Public Authorities Law (hereinafter referred to as the "Power Authority Act").

Section 2. Powers And Duties

The powers and duties of the Trustees shall be governed by the Power Authority Act and shall include those powers and duties set forth in section 2824 of the Public Authorities Law. To implement these powers and duties, the Trustees shall, oversee the Authority's chief executive and executive management in the effective and ethical management of the Authority. Trustees shall be responsible for acting in good faith, with independent judgment and shall adhere to the Authority's code of conduct and conflict of interest procedure. The following are certain, but not all, actions by the Authority that require an act of the Trustees:

- (a) establishment of policies regarding the payment of salary, compensation and reimbursements to, and establish rules for the time and attendance of, the chief executive and management;
- (b) adoption of a code of ethics applicable to each officer, director and employee that, at a minimum, includes the standards established in section seventy-four of the public officers law;
- (c) establishment of written policies and procedures on personnel including policies protecting employees from retaliation for disclosing information concerning acts of

wrongdoing, misconduct, malfeasance, or other inappropriate behavior by an employee or board member of the authority, investments, travel, the acquisition of real property and the disposition of real and personal property and the procurement of goods and services; and
(d) adoption of a defense and indemnification policy and disclose such policy to any and all prospective Trustees.

ARTICLE III - Trustees' Meetings

Section 1. General

The meetings of the Trustees shall be governed by Article 7 of the Public Officers Law (hereinafter referred to as the "Open Meetings Law").

Section 2. Place Of Meetings

Meetings of the Trustees shall be held at the principal office of the Authority or at such other place as the Trustees may from time to time designate.

Section 3. Videoconferencing Meetings

As authorized by the Open Meetings Law, meetings of Trustees may be conducted by videoconferencing if the public is provided an opportunity to attend, listen and observe at any site at which a Trustee participates in such meeting.

Section 4. Annual Meeting

The annual meeting of the Trustees shall be held in March of each year, unless otherwise determined by them and at such time and place as the Trustees may from time to time designate.

Section 5. Regular Meetings

Regular meetings of the Trustees shall be held in accordance with a schedule adopted annually by the Trustees for that purpose and may be changed from time to time within that year by the Chair in consultation with the Trustees.

Section 6. Special Meetings

Special meetings of the Trustees may be called by the Chair or Vice Chair or upon the request of any three Trustees. The Corporate Secretary shall give notice of the time, place and purpose or purposes of each special meeting by mail at least three days before the meeting or in person or by telephone or facsimile or by other electronic communication at least two days before the meeting to each Trustee. The notice

required to be given under this section may be waived by the Trustee to whom such notice is required to be given.

Section 7. Quorum

At all Trustees' meetings, the presence of four Trustees shall be necessary to constitute a quorum and shall be sufficient for the transaction of business. Any act shall be sufficient for the transaction of business if such four Trustees are in agreement and any act of such four Trustees present at a meeting and which constitutes a quorum shall be an act of the Trustees. A Trustee may participate by videoconference, which shall count for quorum and voting purposes. A Trustee may participate by telephone but such participation shall not count for quorum or voting purposes.

ARTICLE IV –Officers

Section 1. Officers

The officers of the Authority shall be a Chair and a Vice Chair, a Chief Executive Officer, and such engineering, marketing and legal officers and employees as the Trustees may require from time to time, including, without limitation, the Chief Engineering Officer, Chief Legal Officer, Chief Financial Officer, Chief Marketing Officer, Corporate Secretary, Chief Internal Control Officer and Chief Internal Audit Officer.

Section 2. Appointment Of Officers

The officers shall be appointed by formal resolution adopted by the Trustees upon the recommendation of the Governance Committee at any annual, regular or special meeting of the Trustees, except that the Chief Internal Audit Officer, shall be appointed by the Trustees upon the recommendation of the Audit Committee.

Section 3. Term Of Office

All officers shall each hold office until his or her successor is chosen and qualified or until his or her earlier removal, resignation or death.

Section 4. Vacancies

The Trustees may fill these positions with an acting or interim appointment until such time as a permanent replacement is appointed.

Section 5. Removal

Any officer appointed by the Trustees herein shall be subject to removal at any time by the Trustees with or without cause.

Section 6. Compensation of Officers

The Chair shall receive such salary or compensation as may be determined by the Trustees, not to exceed the level set by Section 1003 of the Power Authority Act and Section 169(1)(f) of Executive Law. The Trustees shall set compensation levels for the Chief Executive Officer and officers.

Section 7. Powers And Duties

A. CHAIR

The Chair shall preside at all meetings of the Trustees, shall be responsible for developing the strategic vision and mission of the Authority and shall on behalf of the Trustees oversee the Authority's chief executive and management in the effective and ethical management of the Authority. The Chair may appoint such assistants and employees as he or she may deem necessary in order to perform such function and may fix their power, duties and compensations. The Chair may delegate to the Vice Chair, President and Chief Executive Officer or other officer or officers such of the Chair's powers and functions in the general supervision of the business of the Authority to the extent such delegation is consistent with the Power Authority Act and other applicable provisions of law.

B. VICE CHAIR

The Vice Chair shall possess such powers and shall perform such duties as may be assigned to him or her from time to time by the Trustees. The Vice Chair shall be Acting Chair in the absence or incapacity of the Chair and shall assume the powers and perform all duties of the Chair if the Chair is unable to perform such duties for any reason. The Vice Chair, when acting in the capacity of Acting Chair under this section, may delegate the powers or duties of Chair to another Trustee or the President and Chief Executive Officer during the period of disability or incapacity of the Chair.

C. CHIEF EXECUTIVE OFFICER

The Chief Executive Officer (the "President and Chief Executive Officer") of the Authority shall report directly to the Trustees, and shall be responsible for the general supervision and direction of the operations, business and activities of the Authority, with the exception of those activities or business units under the supervision of officers reporting to the Chair or the Trustees. The President and Chief Executive Officer may sign, execute and deliver in the name of the Authority powers of attorney, contracts, agreements, leases, notes, checks, drafts, bonds, obligations and such documents other than those required by these By-laws, law or resolution to be executed by the Chair and/or the Corporate Secretary. The President and Chief Executive Officer may, as deemed appropriate, delegate his or her powers and responsibilities to any officers of the Authority.

D. CHIEF ENGINEERING OFFICER

The Chief Engineering Officer (the “Executive Vice President and Chief Operating Officer”) of the Authority shall report directly to the President and Chief Executive Officer, shall manage and monitor the utility operations of the Authority, and shall exercise such other duties as the President and Chief Executive Officer or Trustees shall from time to time determine. The Executive Vice President and Chief Operating Officer may, as deemed appropriate, delegate his or her powers and responsibilities to any officers of the Authority.

E. CHIEF LEGAL OFFICER

The Chief Legal Officer (the “Executive Vice President and General Counsel”) of the Authority shall report to both the Trustees and the President and Chief Executive Officer, and shall advise and represent the Authority generally in all legal matters and proceedings, including legislative proceedings, shall designate those employees who shall be eligible to accept service of process on behalf of the Authority, and shall exercise such other duties as the President and Chief Executive Officer or Trustees shall from time to time determine. In addition, the Executive Vice President and General Counsel, together with the Chair and the Board of Trustees, shall supervise and direct the activities of the Office of the Corporate Secretary and the Office of Ethics and Compliance.

F. CHIEF FINANCIAL OFFICER

The Chief Financial Officer (the “Executive Vice President and Chief Financial Officer”) of the Authority shall be responsible for the overall supervision of the financial activities of the Authority, and shall exercise such other duties as the President and Chief Executive Officer or Trustees shall from time to time determine. The Executive Vice President and Chief Financial Officer report directly to the President and Chief Executive Officer and shall, when requested, give advice to the Chair and Trustees.

G. CHIEF MARKETING OFFICER

The Chief Marketing Officer (the “Executive Vice President and Chief Commercial Officer”) of the Authority shall report directly to the President and Chief Executive Officer, shall oversee all of the Authority’s power programs for economic development and energy efficiency, and shall exercise such other duties as the President and Chief Executive Officer or Trustees shall from time to time determine. The Executive Vice President and Chief Commercial Officer shall perform such other duties as the President and Chief Executive Officer may from time to time determine.

H. CORPORATE SECRETARY

The Corporate Secretary shall report to the Trustees, and the Executive Vice President and General Counsel, and shall attend all meetings of the Trustees and be responsible for maintaining the corporate record, giving notice of all meetings and affixing the corporate seal to all documents as authorized, and shall exercise such other duties as the President and Chief Executive Officer or Trustees shall from time to time determine.

I. TREASURER

The Treasurer shall have general custody of all funds and securities of the Authority and have general supervision of the collection and disbursement of Authority funds and shall endorse on behalf of the Authority for collection checks, notes and other obligations, and shall deposit the same to the credit of the Authority in such bank or banks or depositories as the Trustees may designate. The Treasurer may sign with the Chair, or such other person or persons as may be designated for such purpose by the Trustees, all bills of exchange or promissory notes of the Authority, and shall exercise such other duties as the President and Chief Executive Officer or Trustees shall from time to time determine.

J. CHIEF INTERNAL CONTROL OFFICER

The Chief Internal Control Officer (the “Controller”) shall be in charge of the accounting operations, the preparation of fiscal accounts and the coordination of external audits of the Authority, and shall exercise such other duties as the President and Chief Executive Officer or Trustees shall from time to time determine.

K. CHIEF INTERNAL AUDIT OFFICER

The Chief Internal Audit Officer (the “Senior Vice President, Internal Audit”) shall report directly to the Trustees and shall have such other powers and perform such other duties as customarily pertain to such office, and shall exercise such other duties as the President and Chief Executive Officer or Trustees shall from time to time determine. The Senior Vice President, Internal Audit shall meet at least twice per year with the Audit Committee.

L. SUCCESSION – ABSENCE OR VACANCY OF OFFICE OF PRESIDENT AND CHIEF EXECUTIVE OFFICER

In the event of the incapacity or absence of the President and Chief Executive Officer, the Executive Vice President and Chief Operating Officer, shall perform the duties of the President and Chief Executive Officer. If the office of Executive Vice President and Chief Operating Officer, is vacant or the incumbent is absent, then the Executive Vice President and General Counsel shall perform the duties of the President and Chief Executive Officer. If the offices of Executive Vice President and Chief Operating Officer, and Executive Vice President and General Counsel are vacant or the respective incumbents are absent, then the Executive Vice President and Chief Financial Officer shall perform the duties of the President and Chief Executive Officer.

ARTICLE V – Committees

Section 1. Executive Management Committee

The President and Chief Executive Officer, the Executive Vice President and Chief Operating Officer, the Executive Vice President and General Counsel, the Executive Vice President and Chief Financial Officer, and such other officers and employees as the President and Chief Executive Officer may from time to time designate shall be members of an Executive Management Committee which shall periodically review and propose Authority corporate strategies, policies and programs and shall report on and make recommendations, to the Trustees. Any officer or employee so designated shall serve on the Executive Management Committee at the pleasure of the President and Chief Executive Officer. The President and Chief Executive Officer, or in whose absence or disability his or her designee, shall preside at Executive Management Committee meetings, which shall be held quarterly or more often as the President and Chief Executive Officer may designate.

Section 2. Audit Committee

The Trustees shall establish an Audit Committee to be comprised of not less than three independent members, appointed by the Trustees, who shall constitute a majority on the committee, and who shall possess the necessary skills to understand the duties and functions of the Audit Committee; provided, however, that in the event that the Trustees have less than three independent members, the Trustees may appoint non-independent members to the Audit Committee, provided that the independent members must constitute a majority of the members of the Audit Committee. The Audit Committee shall have responsibilities related to: the independent auditor and annual financial statements; the Authority's internal auditors; oversight of management's internal controls, compliance and risk assessment practices; and miscellaneous issues related to the financial practices of the Authority. The committee shall, among other duties, recommend to the Trustees the hiring of a certified independent accounting firm for such authority, establish the compensation to be paid to the accounting firm and provide direct oversight of the performance of the independent audit performed by the accounting firm hired for such purposes. The Audit Committee will meet a minimum of twice a year, with the expectation that additional meetings may be required to fulfill all the required obligations and duties.

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The Trustees shall establish a Governance Committee to be comprised of not less than three independent members, appointed by the Trustees, who shall constitute a majority on the committee, and who possess the necessary skills to understand the duties and functions of the Governance Committee; provided, however, that in the event that the Trustees have less than three independent members, the Trustees may appoint non-independent members to the Governance Committee, provided that the independent

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Unless otherwise provided by law, regulation or these By-laws, every officer or employee of the Authority shall be subject to all Authority policies and procedures.












President & Chief Executive Officer Report

Gil Quiniones

May 24, 2016




NYPA Overall Performance

April 2016

| Goal | Measure | Year-To-Date 2016 | | |
|------------------------------|--|--|--------|--------|
| | | Status | Target | Actual |
| Maintain Infrastructure | Generation Market Readiness (%) |  | 99.40 | 99.81 |
| | Transmission System Reliability (%) |  | 92.97 | 94.77 |
| Financial Management | Debt Coverage (Ratio) |  | 2.50 | 3.39 |
| | O&M Budget Performance (\$ Millions) |  | 148.6 | 124.7 |
| Energy Services | MMBTU's Saved |  | 108.5 | 176.5 |
| | Energy Efficiency Investment in State Facilities (\$ Millions) |  | 9.6 | 11.8 |
| Workforce Management | Retention (# of Touchpoints) |  | 100 | 264* |
| Safety Leadership | DART Rate (Index) |  | 0.78 | 0.72 |
| Environmental Responsibility | Environmental Incidents (Units) |  | 11 | 6 |

*Quarterly measure

Corporate Performance

| Status | |
|---|-----------------------------|
|  | Meeting or Exceeding Target |
|  | Below Target |
|  | Significantly Below Target |



Risk Management

Enterprise & Operational Risk Activities

Soubhagya Parija

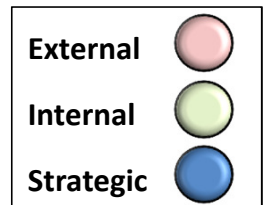
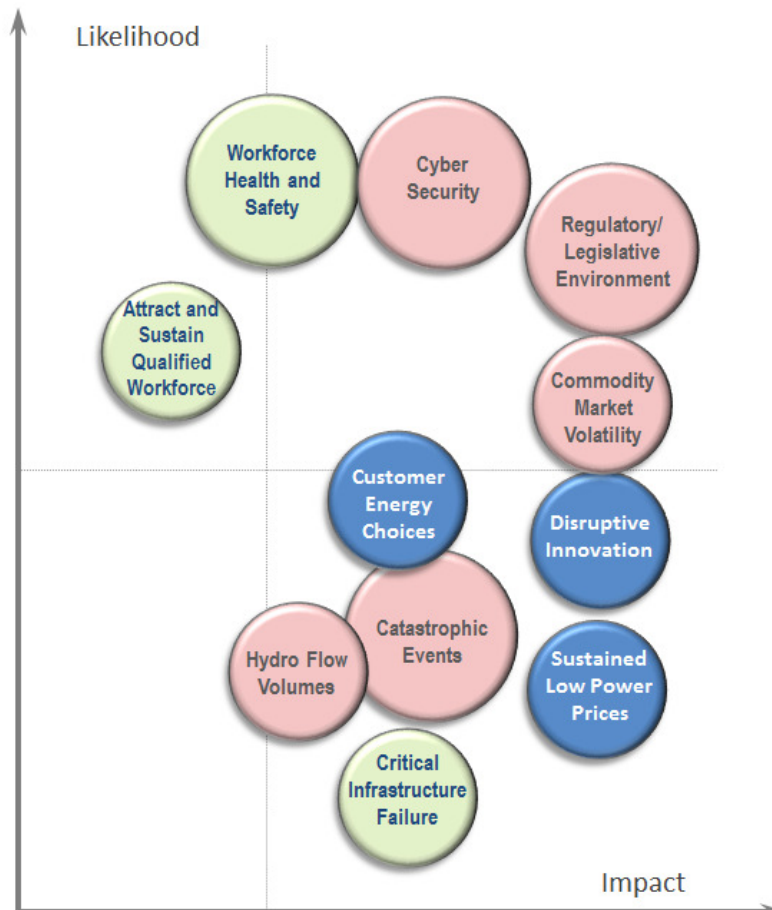
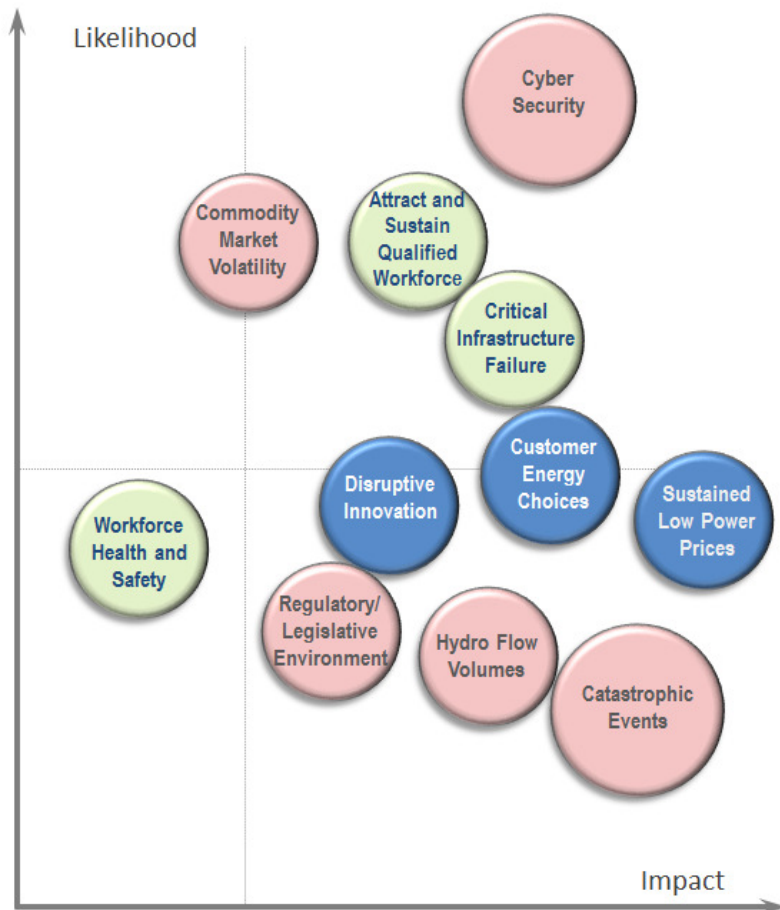
Senior Vice President & Chief Risk Officer

May 24, 2016

Overview of Top Risks Workshop Assessments

2

Top Enterprise Risks: *Previous to Current*



Marker color represents risk source and size indicates risk velocity

Report on Risk Management Activities

- Completed assessment of top enterprise risks
- Cyber risk assessment recommendations are being implemented
- Reputation risk assessment was launched and phase 1 completed working with Deloitte
- Commodity risk optimization project started in March with PWC
- Canals
- Staff
 - Hired Thomas Spencer as Senior Director of Enterprise Risk, Thomas Ho as Senior Director of Operational Risk and Sara Ricci as the Director Business Resiliency



Board of Trustees Meeting

Chief Operating Officer Report

Presented By:

Joseph F. Kessler PE

SVP Power Generation

July 29, 2016

COO Report Overview

- Performance
- A look ahead to 2016

Performance Measures

| | APRIL 2016 | | YTD | |
|---------------------------------|---------------|---------------|---------------|---------------|
| NYPA OVERALL | Actual | Target | Actual | Target |
| Generation Market Readiness (%) | 99.96 | 99.40 | 99.81 | 99.40 |
| Transmission Reliability (%) | 92.77 | 91.80 | 94.77 | 92.97 |
| Environmental Incidents | 4 | 3 | 6 | 11 |
| DART Rate | 0.66 | 0.78 | 0.72 | 0.78 |

NYPA 2020 Strategic Vision Alignment

Strategic Asset Management Plan - SAMP

(ISO 55000 Alignment, Process | People | Technology Roadmap and Operating Model Recommendations)





- Financial Acumen Training – 2017 Budget
- Asset Manager Roles
- SENY Pilot
- KPIs
- Parallel Work Streams - Engagement



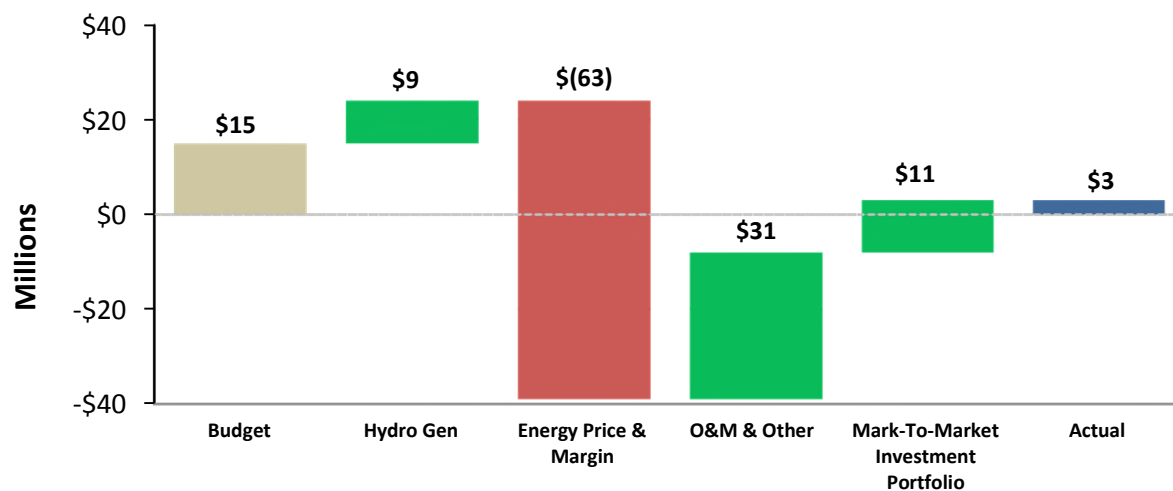
Chief Financial Officer Report

May 24, 2016

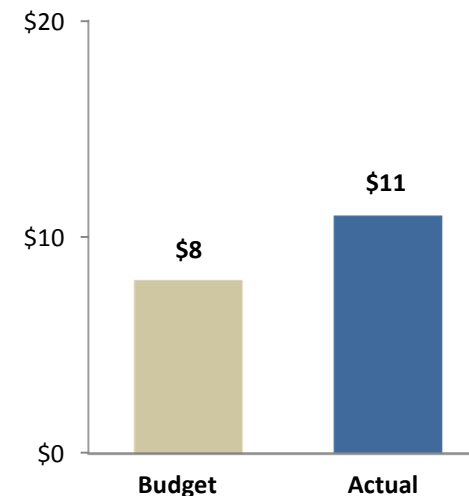
Net Income

- Net income for the four months ended April 30, 2016 was \$2.8 million, which was \$12.4 million lower than the budget (\$15.2 million) primarily due to a lower net margin on sales (\$53.9 million) substantially offset by lower operating expenses (\$31.4 million) and a mark-to-market gain on the Authority's investment portfolio (\$10.7 million, lower than anticipated market interest rates). Margins on market-based sales were lower than budgeted due to significantly lower prices resulting in lower market revenue at Niagara and St. Lawrence.
- Results for the month of April reflected net income of \$11.4 million versus a budget of 7.6 million. The positive variance of \$3.8 million was due primarily to lower operating expenses (\$9.9 million, less than anticipated spending in several programs) substantially offset by a lower net margin on sales (\$5.5 million).

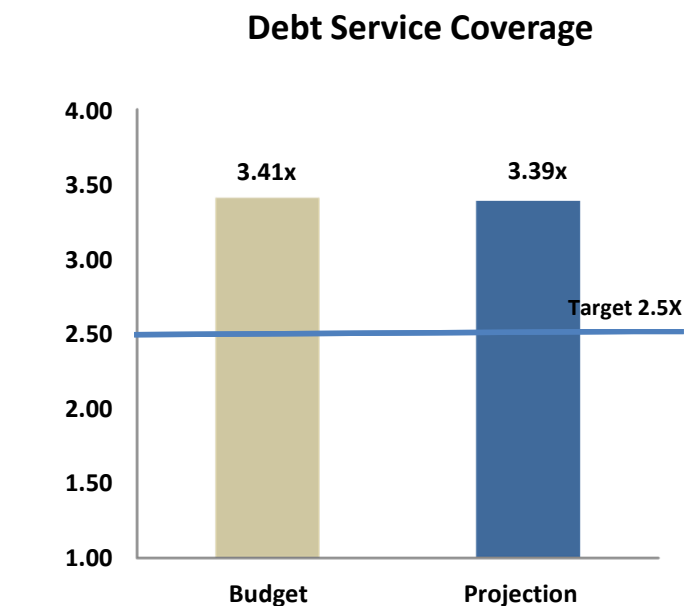
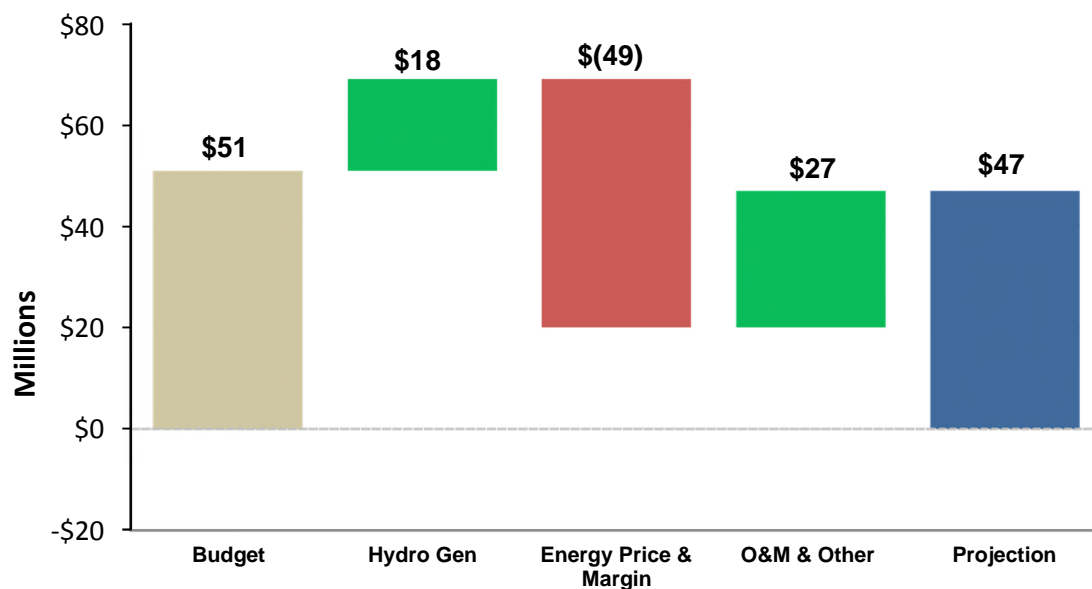
YTD April 2016



April Net Income

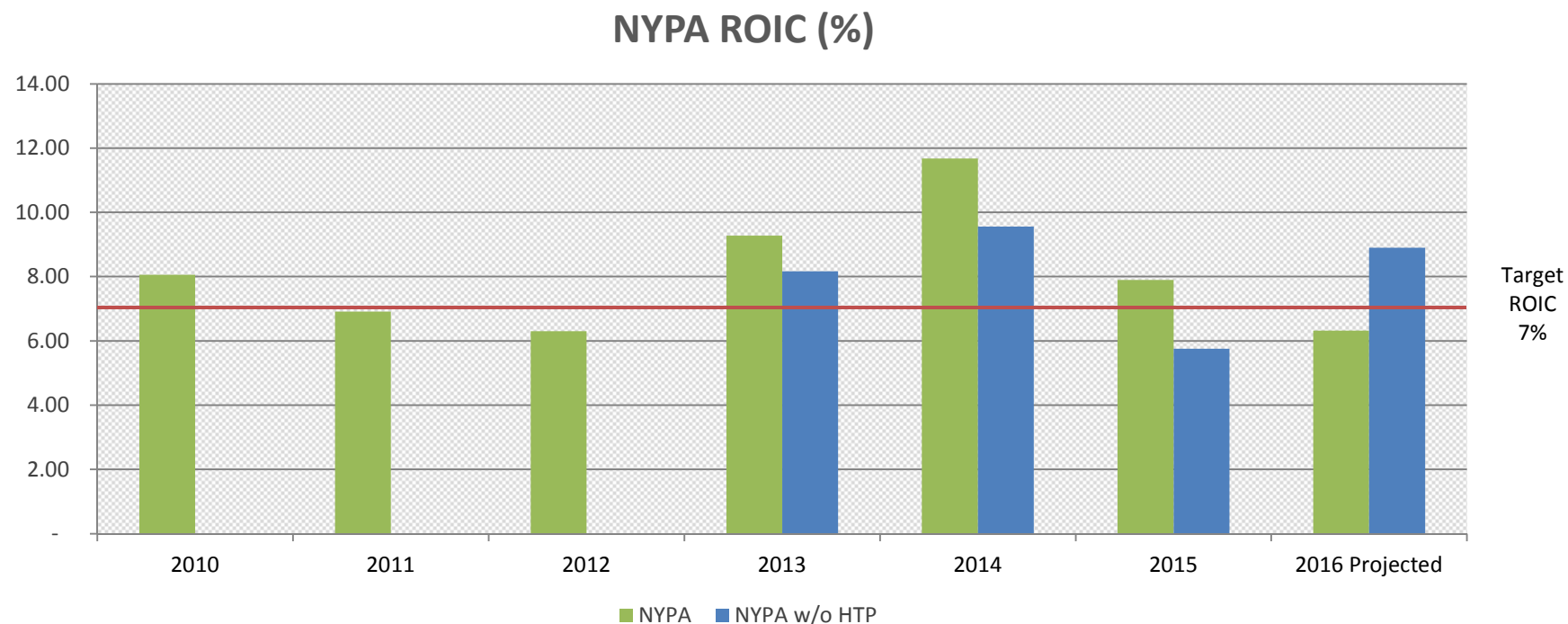


Net Income Projection 2016



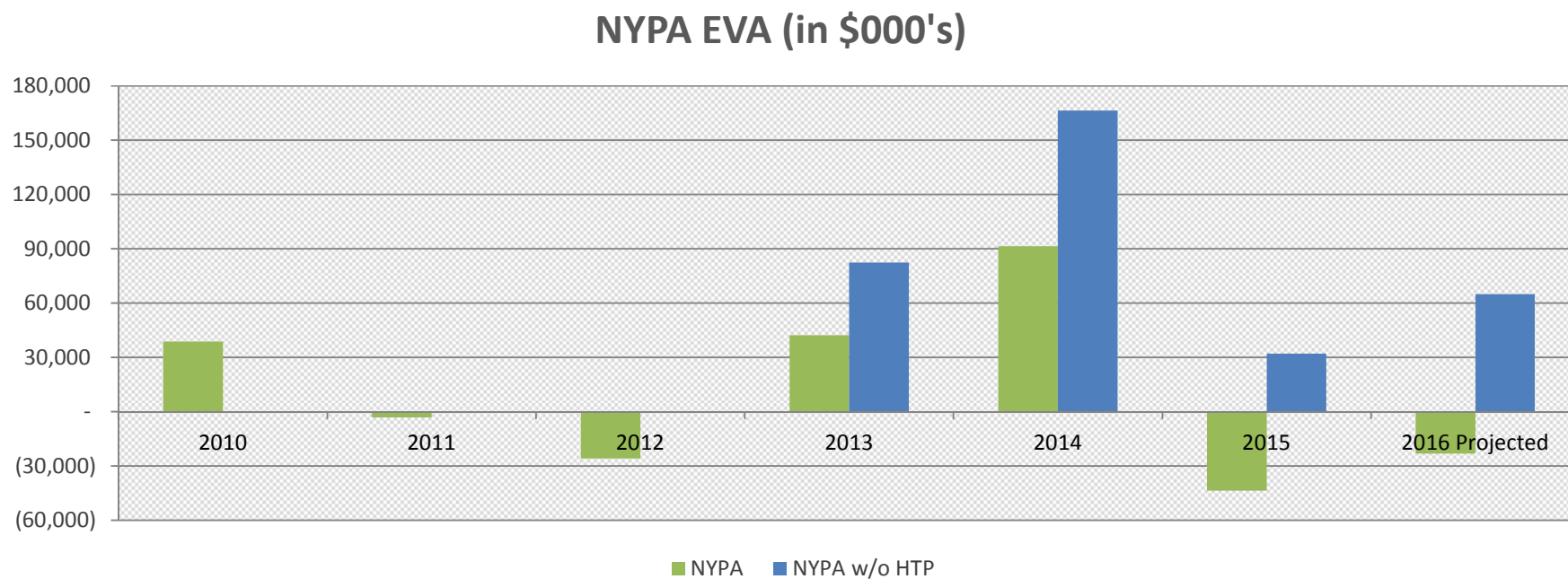
Net income for the year is projected to be \$20-\$50 million with the final result varying based on the level of spending in O&M and other programs for the remainder of the year. Projections exclude the impact of the funding of NY State Canals for 2016 as a funding agreement has not yet been finalized.

Return on Invested Capital (%) (2010-2016)



Excludes the impact of State requested programs and non-revenue producing initiatives, including energy efficiency initiatives (Battery Charging Stations, Five Cities Master Plan, etc.), economic development initiatives (WNY Workforce Development), and legislative mandates.

Economic Value Added (2010-2016)



Excludes the impact of State requested programs and non-revenue producing initiatives, including energy efficiency initiatives (Battery Charging Stations, Five Cities Master Plan, etc.), economic development initiatives (WNY Workforce Development), and legislative mandates.

EXHIBIT 4a-A

Non-Compliance with Job Retention Commitment – Recommended Reductions in Contract Demands and RNY Power Allocations and Adjustments to Job Retention Commitments

AccuMED Innovative Technologies, LLC (Buffalo, Erie County) AppID 4561

Allocation: 80 kW (effective 12-1-2015)
Contract Demand: 80 kW (effective 12-1-2015)
Power Utilization: 100%
Cumulative Capital Spending: \$2,028,154 or 51% of 5-year commitment
Job Commitment: 190 jobs (effective 12-1-2015)
Jobs Reported: 107 jobs or 56%

Background: AccuMed Technologies manufactures medical devices. During 2014, one of its largest customers shifted manufacturing supply from AccuMed to in-house production, forcing AccuMED to reduce staffing. Additionally this has led to moving a significant amount of manufacturing and operations to its plant in the Dominican Republic, which explains the significant decrease in employee headcount.

Recommendation: *Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 50 kW, and authorize an adjustment of the job commitment to not less than 125 jobs.*

Air Products Inc. - Medina (Medina, Orleans County) AppID 10270

Allocation: 250 kW
Contract Demand: 250 kW
Power Utilization: 100%
Cumulative Capital Spending: \$76,759 or 15% of 5year commitment
Job Commitment: 9 jobs
Jobs Reported: 6 jobs, or 67%

Background: Air Products, Inc., formerly EPCO Carbon dioxide Products, Inc. manufactures purified liquid carbon dioxide. It sells its product to both wholesalers and end users of carbon dioxide. Air Products' capital spending for the 2015 year that was budgeted for Medina, went to other CO2 facilities. Due to corporate reorganization, Air Products had to reduce employment at its Medina facility.

Recommendation: *Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 190 kW, and authorize an adjustment of the job commitment to not less than 7 jobs.*

Air Techniques, Inc. (Melville, Suffolk County) AppID 9947

Allocation: 440 kW
Contract Demand: 440 kW
Power Utilization: 100%
Cumulative Capital Spending: \$2,889,098 or 46% of 5year commitment
Job Commitment: 315 jobs
Jobs Reported: 222 jobs, or 70%

Background: Manufactures dental and medical products. Air Techniques has experienced a decline in sales due to newer technologies in dental equipment which has resulted in a decreased demand in its particular line of dental and medical equipment. This decline has prompted the company to reduce cost and to eliminate staff. It is currently trying to fill 18 full time positions for 2016.

Recommendation: *Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 350 kW, and authorize an adjustment of the job commitment to not less than 252 jobs.*

Albert Einstein College of Medicine at Yeshiva University (Bronx, Bronx County) AppID 3651

Allocation: 1,430 kW
Contract Demand: 1,430 kW
Power Utilization: 100%
Cumulative Capital Spending: \$54,903,000 or 84% of 5year commitment
Job Commitment: 2,875 jobs
Jobs Reported: 2,413 jobs or 84%

Background: Albert Einstein College of Medicine at Yeshiva University is a higher education teaching medical hospital. Albert Einstein has reached an operating joint venture with Montefiore Medical Academic Health systems, which resulted in a transfer of staffing positions. Additionally, the company faced a decrease in funding, which resulted in additional staff reductions.

Recommendation: *Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 1,390 kW, and authorize an adjustment of the job commitment to not less than 2,413 jobs.*

AMF Bowling, Inc. (Lowville, Lewis County) AppID 7419

Allocation: 476 kW
Contract Demand: 476 kW
Power Utilization: 100%
Cumulative Capital Spending: \$1,261,497 or 63% of 5year commitment
Job Commitment: 95 jobs
Jobs Reported: 85 jobs or 89%

Background: AMF Bowling, Inc. manufactures bowling pins. AMF has met employment commitments in previous reporting periods. The company did not provide any information explaining its job shortfall for the 2014-2015 reporting period.

Recommendation: *Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 470 kW, and authorize an adjustment of the job commitment to not less than 94 jobs.*

Angion Biomedica Corp. (Uniondale, Nassau County) AppID 9894

Allocation: 250 kW
Contract Demand: 250 kW
Power Utilization: 100%
Cumulative Capital Spending: \$117,909 or 12% of 5year commitment
Job Commitment: 30 jobs
Jobs Reported: 26 jobs or 87%

Background: Angion Biomedica is a research and development laboratory. Angion Biomedica is currently undergoing a major acquisition and expects this will ultimately result in an increase in staff in the future.

Recommendation: *Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 240 kW, and authorize an adjustment of the job commitment to not less than 29 jobs.*

Arkwin Industries (Westbury, Nassau County) AppID 9283

Allocation: 700 kW
Contract Demand: 700 kW
Power Utilization: 98%
Cumulative Capital Spending: \$3,929,100 or 38% of 5 year commitment
Job Commitment: 320 jobs
Jobs Reported: 252 jobs, or 79%

Background: Arkwin Industries Inc. manufactures aerospace components. According to Arkwin Industries, much of its success was predicated on its ability to participate in Lockheed Martin's F-35 Joint Strike Fighter program ("JSF"). In recent years, the JSF program has suffered numerous delays. Arkwin expects full ramp up of production may be reached by 2017. When this occurs, Arkwin should be poised to meet employment commitments.

Recommendation: *Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 620 kW, and authorize an adjustment of the job commitment to not less than 285 jobs.*

Burton Industries, Inc. (North Babylon, Suffolk County) AppID 5250

Allocation: 400 kW (effective 12-1-2015)
Contract Demand: 400 kW (effective 12-1-2015)
Power Utilization: 100%
Cumulative Capital Spending: \$852,235 or 114% of 5 year commitment
Job Commitment: 47 jobs (effective 12-1-2015)
Jobs Reported: 31 jobs or 66%

Background: Burton Industries Inc. provides metal heat-treating services. During the first half of 2013, a division of Burton Industries, the North East Finishing Company (NEFCO) was separated from Burton Industries. NEFCO is no longer part of Burton Industries and separately employs approximately 20 people. Burton Industries no longer has any financial interest in this division and no longer controls employment at NEFCO.

Recommendation: Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 300 kW, and authorize an adjustment of the job commitment to not less than 36 jobs.

Byrne Dairy, Inc. – Ice Cream Center (Syracuse, Onondaga County) AppID 9883

Allocation: 236 kW
Contract Demand: 236 kW
Power Utilization: 100% of commitment
Cumulative Capital Spending: \$429,897 or 32% of 5year commitment
Job Commitment: 28 jobs
Jobs Reported: 21 jobs, or 75% of commitment

Background: Byrne Dairy Inc. produces milk and juice products. This is the third year that Byrne Dairy reported an employment shortfall that brought it below the relevant compliance rate. Byrne Dairy stated it employed temporary employees but was not able to retain them as permanent staff. The company did not provide any additional information regarding its reported job shortfall.

Recommendation: Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 200 kW, and authorize an adjustment of the job commitment to not less than 24 jobs.

Cambridge Valley Machining (Cambridge, Washington County) AppID 9496

Allocation: 220 kW
Contract Demand: 220 kW
Power Utilization: 100%
Cumulative Capital Spending: \$4,534,437 or 56% of 5year commitment
Job Commitment: 117 jobs
Jobs Reported: 83 jobs, or 71% of commitment

Background: Cambridge Valley Machining manufactures machine components. In late 2014, its largest customer had financial difficulties which caused a significant decrease in production at Cambridge Valley Machining. In July 2015, it hired 10 new employees and are seeking to hire an additional 15 employees. The company recently submitted current job numbers for July 2015 through January 2016 but has not achieved compliance threshold levels at this time.

Recommendation: Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 180 kW, and authorize an adjustment of the job commitment to not less than 95 jobs.

Citigroup NA - (Long Island City, Queens County) AppID 5919

Allocation: 3,476 kW
Contract Demand: 3,476 kW
Power Utilization: 100% of commitment
Cumulative Capital Spending: \$20,132,723 or 11% of 5year commitment
Job Commitment: 4,730 jobs
Jobs Reported: 4,091 jobs, or 86% of commitment

Background: Citigroup NA - Long Island City, provides banking services. The company did not provide any information explaining its job shortfall for the 2014-2015 reporting period.

Recommendation: *Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 3,340 kW, and authorize an adjustment of the job commitment to not less than 4,541 jobs.*

Citigroup, Inc. – Greenwich St (New York, New York County) AppID 10216

Allocation: 2,920 kW
Contract Demand: 2,920 kW
Power Utilization: 100%
Cumulative Capital Spending: \$60,000,000 or 24% of 5year commitment
Job Commitment: 5,792 jobs
Jobs Reported: 4,218 jobs, or 73% of commitment

Background: Citigroup, Inc. Greenwich provides banking services. The company did not provide any information explaining its job shortfall for the 2014-2015 reporting period.

Recommendation: *Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 2,420 kW, and authorize an adjustment of the job commitment to not less than 4,807 jobs.*

Computer Associates International (Islandia, Suffolk County) AppID 8549

Allocation: 2,560 kW
Contract Demand: 2,560 kW
Power Utilization: 100%
Cumulative Capital Spending: \$3,478,494 or 39% of 5year commitment
Job Commitment: 1,800 jobs
Jobs Reported: 1,540 jobs, or 86% of commitment

Background: Computer Associates International is an I.T. data center. The company did not provide any information explaining its job shortfall for the 2014-2015 reporting period.

Recommendation: *Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 2,460 kW, and authorize an adjustment of the job commitment to not less than 1,728 jobs.*

Cooper Power Systems (Olean, Cattaraugus County) AppID 9988

Allocation: 836 kW
Contract Demand: 836 kW
Power Utilization: 100%
Cumulative Capital Spending: \$3,775,270 or 47% of 5year commitment
Job Commitment: 205 jobs
Jobs Reported: 179 jobs, or 87% of commitment

Background: Cooper Power Systems produces surge-arrester products. This is the third year the company reported employment levels below the compliance threshold. Cooper Power Systems is currently going through product line transitions between its North American facilities along with expanding product lines. The company hopes these changes will eventually increase jobs at its facility.

Recommendation: *Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 810 kW, and authorize an adjustment of the job commitment to not less than 199 jobs.*

Dayton T. Brown (Bohemia, Suffolk County) AppID 9603

Allocation: 120 kW
Contract Demand: 120 kW
Power Utilization: 100%
Cumulative Capital Spending: \$2,405,154 or 33% of 5 year commitment
Job Commitment: 213 jobs
Jobs Reported: 156 jobs or 73%

Background: Dayton T. Brown performs test systems for industrial, commercial and military requirements. Dayton T. Brown has experienced a work delay, especially with government contracts. It anticipates an increase in work and increased sales in 2016.

Recommendation: *Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 100 kW, and authorize an adjustment of the job commitment to not less than 177 jobs.*

Flagpoles Inc. / P&K Tubular (East Setauket, Suffolk County) AppID 11414

Allocation: 120 kW
Contract demand; 120 kW
Power Utilization: 100% of commitment
Cumulative Capital Spending: \$976,128 or 44% of 5year commitment
Job Commitment: 94 jobs
Jobs Reported: 76 jobs, or 81% of commitment

Background: Flagpoles manufactures poles for tented structures and flags. This is the third year the company has reported below the compliance threshold. A large portion of its sales are associated with government contracts. The company reported that due to the decline in government spending, Flagpoles' sales have decreased and it has been limited in its ability to maintain or hire any additional staff. Sales in its commercial department were also down. The company states additional hiring will commence once the defense business operations begin.

Recommendation: *Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 110 kW, and authorize an adjustment of the job commitment to not less than 86 jobs.*

Henry Schein, Inc. (Melville, Suffolk County) AppID 11649

Allocation: 1,050 kW
Contract Demand: 1,050 kW
Power Utilization: 100%
Cumulative Capital Spending: \$3,814,500, or 95% of 5 year commitment
Job Commitment: 1,384 jobs
Jobs Reported: 1,238 jobs or 89% of commitment

Background: Henry Schein, Inc. is a dental products distributor. The company did not provide any information explaining its job shortfall for the 2014-2015 reporting period.

Recommendation: *Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 1,040 kW, and authorize an adjustment of the job commitment to not less than 1,370 jobs.*

International Fiber Corp. / Solvaira Specialties (North Tonawanda, Niagara County) AppID 8928

Allocation: 900 kW
Contract demand; 900 kW
Power Utilization: 100% of commitment
Cumulative Capital Spending: \$1,570,753 or 63% of 5year commitment
Job Commitment: 84 jobs
Jobs Reported: 51 jobs, or 61% of commitment

Background: International Fiber Corp./Solvaira Specialties produces powered cellulose and fibers. Decreased product demand coupled with increased competition resulted in reduced staff. The company plans to increase revenues through sales and marketing.

Recommendation: *Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 640 kW, and authorize an adjustment of the job commitment to not less than 60 jobs.*

Intertek Testing Services NA, Inc. (Cortland, Cortland County) AppID 10157

Allocation: 600 kW (effective 12-1-2015)
Contract Demand: 600 kW (effective 12-1-2015)
Power Utilization: 100% of commitment
Cumulative Capital Spending: \$3,847,864 or 55% of 5year commitment
Job Commitment: 414 jobs (effective 12-1-2015)
Jobs Reported: 352 jobs, or 85%

Background: Intertek Testing Services provides testing, inspecting and product certification services. The company did not provide any explanation regarding its job shortfall.

Recommendation: *Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 570 kW, and authorize an adjustment of the job commitment to not less than 393 jobs.*

ITT Corp. (EDO) (Bohemia, Suffolk County) AppID 3954

Allocation: 350 kW (effective 12-1-2015)
Contract Demand: 350 kW (effective 12-1-2015)
Power Utilization: 100%
Cumulative Capital Spending: \$966,055 or 39% of 5year commitment
Job Commitment: 211 jobs (effective 12-1-2015)
Jobs Reported: 143 jobs or 68%

Background: ITT Corp. (EDO) manufactures antennas. During the 2013-2014 reporting period, the company reported job shortfalls as a result of the effect of the defense budget sequestration, which had implications on its receipt of Department of Defense contracts. The company did not provide any information explaining its job shortfall for the 2014-2015 reporting period.

Recommendation: *Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 270 kW, and authorize an adjustment of the job commitment to not less than 165 jobs.*

Kerry Biofunctional Ingredients, Inc. (Norwich, Chenango County) AppID 32622

Allocation: 560 kW
Contract Demand: 560 kW
Power Utilization: 100%
Cumulative Capital Spending: \$1,124,619 or 19% of 5year commitment
Job Commitment: 112 jobs
Jobs Reported: 97 jobs or 87%

Background: Kerry Biofunctional Ingredients, Inc. produces pharmaceutical lactose/excipients, casein hydrolysates, flavors and tablet coatings. The company reports headcount has decreased due to relocation of a portion of business to Ireland. Kerry Biofunctional anticipates that headcount will not increase over the next year.

Recommendation: *Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 540 kW, and authorize an adjustment of the job commitment to not less than 109 jobs.*

Kraft Foods Global, Inc. - Avon (Avon, Livingston County) AppID 9347

Allocation: 2,670 kW
Contract Demand: 2,670 kW
Power Utilization: 100%
Cumulative Capital Spending: \$13,914,195 or 139% of 5year commitment
Job Commitment: 389 jobs
Jobs Reported: 343 jobs or 88%

Background: Kraft Foods Global, Inc. manufactures packaged food products. The company indicates headcount is low due to variability in demand for its products, and such variability has impeded the company's ability to meet its job commitments.

Recommendation: *Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 2,620 kW, and authorize an adjustment of the job commitment to not less than 381 jobs.*

Land O'Lakes, Inc. (Hicksville, Nassau County) AppID 5745

Allocation: 950 kW
Contract Demand: 950 kW
Power Utilization: 100%
Cumulative Capital Spending: \$8,597,780 or 48% of 5year commitment
Job Commitment: 267 jobs
Jobs Reported: 234 jobs or 88%

Background: Land O' Lakes, Inc. manufactures puddings. The company purchased Kozy Shack almost 3 years ago. The company reports difficulty integrating business practices as well as having to reduce duplicate positions. It is currently looking to fill open positions.

Recommendation: *Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 930 kW, and authorize an adjustment of the job commitment to not less than 262 jobs.*

Lehigh Northeast Cement Company (Glens Falls, Warren County) AppID 7250

Allocation: 4,820 kW
Contract Demand: 4,820 kW
Power Utilization: 100%
Cumulative Capital Spending: \$11,431,164 (No 1 year commitment)
Job Commitment: 115 jobs
Jobs Reported: 94 jobs or 82%

Background: Lehigh Northeast Cement company manufactures cement. The company did not provide any comment regarding the jobs shortfall.

Recommendation: *Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 4,430 kW, and authorize an adjustment of the job commitment to not less than 106 jobs.*

Linita Design Manufacturing Corp. (Lackawanna, Erie County) AppID 3894

Allocation: 86 kW
Contract Demand: 86 kW
Power Utilization: 100%
Cumulative Capital Spending: \$557,070 or 28% of 5year commitment
Job Commitment: 40 jobs
Jobs Reported: 26 jobs or 65%

Background: Linita Design Manufacturing Corporation manufactures and designs steel. The company states that it has undergone a corporate culture shift and expects to increase compliance levels in 2016.

Recommendation: Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 60 kW, and authorize an adjustment of the job commitment to not less than 30 jobs.

Lockheed Martin (Liverpool, Onondaga County) AppID 12995

Allocation: 3,000 kW
Contract Demand: 3,000 kW
Power Utilization: 100%
Cumulative Capital Spending: \$47,149,480 or 47% of 5year commitment
Job Commitment: 1,835 jobs
Jobs Reported: 1,610 jobs or 88%

Background: Lockheed Martin produces radar systems. The company reports government sequestration and spending cuts as the reason for the jobs shortfall. Lockheed Martin has recently acquired Sikorsky Aircraft which may help to improve employment.

Recommendation: Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 2,940 kW, and authorize an adjustment of the job commitment to not less than 1,798 jobs.

Maines Paper Food Service, Inc. (Conklin, Broome County) AppID 10212

Allocation: 666 kW
Contract Demand: 666 kW
Power Utilization: 100%
Cumulative Capital Spending: \$14,345,864 or 95% of 5year commitment
Job Commitment: 1,336 jobs
Jobs Reported: 1,091 jobs or 82%

Background: Maines Paper Food Service, Inc. is a food service distributor and warehouse. The company did not provide any comment regarding the jobs shortfall.

Recommendation: Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 610 kW, and authorize an adjustment of the job commitment to not less than 1,229 jobs.

Mayer Brothers Apple Products, Inc. (Barker, Niagara County) AppID 10235

Allocation: 250 kW
Contract Demand: 250 kW
Power Utilization: 100%
Cumulative Capital Spending: \$2,117,512 or 141% of 5year commitment
Job Commitment: 106 jobs
Jobs Reported: 82 jobs or 77%

Background: Mayer Brothers Apple Products, Inc. manufactures bottled water, juice and cider. The company cites major customer order cutbacks as the reason for the jobs shortfall. It anticipates hiring additional positions in the year to come, as well as an increase in subsequent years due to anticipated growth in bulk cider sales.

Recommendation: *Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 220 kW, and authorize an adjustment of the job commitment to not less than 92 jobs.*

Navylist Medical, Inc. (Glens Falls, Warren County) AppID 3758

Allocation: 796 kW
Contract Demand: 796 kW
Power Utilization: 100%
Cumulative Capital Spending: \$5,625,100 or 75% of 5year commitment
Job Commitment: 680 jobs
Jobs Reported: 519 jobs or 76%

Background: Navylist Medical, Inc. manufactures medical devices. The company did not provide any comment regarding the jobs shortfall.

Recommendation: *Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 690 kW, and authorize an adjustment of the job commitment to not less than 585 jobs.*

NBTY, Inc. (Bayport, Suffolk County) AppID 9431

Allocation: 1,026 kW
Contract Demand: 1,026 kW
Power Utilization: 100%
Cumulative Capital Spending: \$1,532,445 or 153% of 5year commitment
Job Commitment: 412 jobs
Jobs Reported: 344 jobs or 84%

Background: NBTY manufactures vitamins and nutritional supplements. Production changes and fluctuation in demand resulted in a change in operations from a 24/7 to a 24/5 workflow. Due to this change, positions were not filled and a number of positions were transferred to other locations.

Recommendation: *Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 950 kW, and authorize an adjustment of the job commitment to not less than 383 jobs.*

New York Container Terminal, Inc. (Staten Island, Richmond County) AppID 5790

Allocation: 436 kW
Contract Demand: 436 kW
Power Utilization: 100%
Cumulative Capital Spending: \$38,372,006 or 8% of 5year commitment
Job Commitment: 520 jobs
Jobs Reported: 350 jobs or 67%

Background: New York Container Terminal, Inc. is a shipping terminal. The company reports the increase in NY and NJ tolls and contract renegotiation with its customer base as the reason for its low employment numbers. NYCT anticipates an increase in employment as a result of a new contract at the end of the year.

Recommendation: *Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 340 kW, and authorize an adjustment of the job commitment to not less than 400 jobs.*

Northrop Grumman Systems Corporation (Bethpage, Nassau County) AppID 9549

Allocation: 1,420 kW (effective 12-1-2015)
Contract Demand: 1,420 kW (effective 12-1-2015)
Power Utilization: 99%
Cumulative Capital Spending: \$16,846,769 (No 1 year commitment)
Job Commitment: 1300 jobs (effective 12-1-2015)
Jobs Reported: 448 jobs or 34%

Background: Northrop Grumman Systems Corporation is an R&D, engineering and design firm. The company has downsized this facility and moved business to Florida.

Recommendation: *Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 630 kW, and authorize an adjustment of the job commitment to not less than 572 jobs.*

Pall Corporation (Hauppauge, Suffolk County) AppID 11465

Allocation: 646 kW
Contract Demand: 646 kW
Power Utilization: 100%
Cumulative Capital Spending: \$3,499,806 or 350% of 5year commitment
Job Commitment: 101 jobs
Jobs Reported: 81 jobs or 80%

Background: Pall Corporation provides water filtration. The company reports resignations and re-organization as the reason for its jobs shortfall. The company is currently looking to fill five open positions.

Recommendation: *Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 580 kW, and authorize an adjustment of the job commitment to not less than 91 jobs.*

Printex Packaging Corporation (Islandia, Suffolk County) AppID 17732

Allocation: 136 kW
Contract Demand: 136 kW
Power Utilization: 100%
Cumulative Capital Spending: \$526,400 or 28% of 5year commitment
Job Commitment: 68 jobs
Jobs Reported: 43 jobs or 63%

Background: Printex Packaging Corporation manufactures clear plastic packaging cartons and displays. The company did not provide any additional comment regarding its job shortfall.

Recommendation: *Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 100 kW, and authorize an adjustment of the job commitment to not less than 50 jobs.*

Rebekah Rehab (Bronx, Bronx County) AppID 10410

Allocation: 160 kW
Contract Demand: 160 kW
Power Utilization: 100%
Cumulative Capital Spending: \$444,483 or 22% of 5year commitment
Job Commitment: 228 jobs
Jobs Reported: 178 jobs or 78%

Background: Rebekah Rehab provides health services. The company did not provide any comment regarding its jobs shortfall.

Recommendation: *Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 140 kW, and authorize an adjustment of the job commitment to not less than 201 jobs.*

SCA Tissue North America LLC (South Glens Falls, Saratoga County) AppID 3900

Allocation: 5,806 kW
Contract Demand: 5,806 kW
Power Utilization: 100%
Cumulative Capital Spending: \$10,749,414 or 25% of 5year commitment
Job Commitment: 288 jobs
Jobs Reported: 255 jobs or 89%

Background: SCA Tissue North America manufactures tissue products. The company reports headcount reduction as a result of lower goods volume compared to last year.

Recommendation: *Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 5,750 kW, and authorize an adjustment of the job commitment to not less than 285 jobs.*

SCA Tissue North America LLC (Greenwich, Washington County) AppID 3901

Allocation: 686 kW
Contract Demand: 686 kW
Power Utilization: 100%
Cumulative Capital Spending: \$1,578,783 or 13% of 5year commitment
Job Commitment: 120 jobs
Jobs Reported: 99 jobs or 83%

Background: SCA Tissue North America manufactures tissue products. The company did not provide any comment regarding its jobs shortfall.

Recommendation: *Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 640 kW, and authorize an adjustment of the job commitment to not less than 112 jobs.*

Snyder Industries, Inc. (Tonawanda, Niagara County) AppID 6884

Allocation: 466 kW
Contract Demand: 466 kW
Power Utilization: 100%
Cumulative Capital Spending: \$1,401,717 or 4% of 5year commitment
Job Commitment: 106 jobs
Jobs Reported: 74 jobs or 70%

Background: Snyder Industries, Inc. manufactures machinery. The company reports the downturn in the coal mining industry as having a significant impact on business. As a result, employment levels have dropped off.

Recommendation: *Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 370 kW, and authorize an adjustment of the job commitment to not less than 85 jobs.*

St. John's University (Jamaica, Queens County) AppID 9435

Allocation: 1,000 kW
Contract Demand: 1,000 kW
Power Utilization: 100%
Cumulative Capital Spending: \$27,859,503 or 21% of 5year commitment
Job Commitment: 3,413 jobs
Jobs Reported: 1,981 jobs or 58%

Background: St. John's University reports Voluntary Separation Opportunity, the increase in minimum hourly rate, along with a decrease in part time employees as the reason for its jobs shortfall.

Recommendation: *Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 680 kW, and authorize an adjustment of the job commitment to not less than 2,321 jobs.*

Syracuse Plastics – (Liverpool, Onondaga County) AppID 8104

Allocation: 220 kW
Contract Demand: 220 kW
Power Utilization: 100%
Cumulative Capital Spending: \$1,440,000 or 96% of 5year commitment
Job Commitment: 42 jobs
Jobs Reported: 33 jobs or 79%

Background: Syracuse Plastics manufactures plastic parts and components. The Company states that a new major customer responsible for its expansion into a new line of work moved manufacturing of its product to another state resulting in the loss of 20 jobs. The company has been unable to replace this customer. In addition, several of its existing customers have decreased manufacturing orders. The company is currently working with existing NYS customers on new product launches which it anticipates will increase employment numbers.

Recommendation: *Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 200 kW, and authorize an adjustment of the job commitment to not less than 37 jobs.*

The Kingston Hospital (Kingston, Ulster County) AppID 9998

Allocation: 340 kW
Contract Demand: 340 kW
Power Utilization: 100%
Cumulative Capital Spending: \$11,407,301 or 69% of 5year commitment
Job Commitment: 917 jobs
Jobs Reported: 668 jobs or 73%

Background: The Kingston Hospital sites the consolidation of HealthAlliance campuses and movement of employees between them as the reason for its jobs shortfall.

Recommendation: *Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 280 kW, and authorize an adjustment of the job commitment to not less than 761 jobs.*

Town Sports International, LLC (Elmsford, Westchester County) AppID 24532

Allocation: 196 kW
Contract Demand: 196 kW
Power Utilization: 100%
Cumulative Capital Spending: \$384,513 or 31% of 5year commitment
Job Commitment: 100 jobs
Jobs Reported: 83 jobs or 83%

Background: Town Sports International, LLC is a laundry facility and linen service. The company reports a restructuring of the company. It anticipates expansion of business operations and meeting the compliance threshold in 2016.

Recommendation: *Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 180 kW, and authorize an adjustment of the job commitment to not less than 93 jobs.*

Ultralife Batteries (Newark, Wayne County) AppID 9806

Allocation: 590 kW (effective 12-1-2015)
Contract Demand: 590 kW (effective 12-1-2015)
Power Utilization: 100%
Cumulative Capital Spending: \$1,551,759 or 121% of 1year commitment
Job Commitment: 261 jobs (effective 12-1-2015)
Jobs Reported: 166 jobs or 64%

Background: Ultralife Batteries manufactures batteries and communications systems. The company did not provide any comment regarding its job shortfall.

Recommendation: *Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 440 kW, and authorize an adjustment of the job commitment to not less than 193 jobs.*

Universal Photonics, Inc. (Vernon, Oneida County) AppID 9227

Allocation: 110 kW (effective 12-1-2015)
Contract Demand: 110 kW (effective 12-1-2015)
Power Utilization: 100%
Cumulative Capital Spending: \$4,870,025 or 128% of 5-year commitment
Job Commitment: 59 jobs (effective 12-1-2015)
Jobs Reported: 45 jobs or 76%

Background: Universal Photonics, Inc. provides critical surface preparation materials. The company reports a slowdown in overseas business as the reason for its jobs shortfall.

Recommendation: *Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 100 kW, and authorize an adjustment of the job commitment to not less than 51 jobs.*

Upstate Niagara Coop Inc. (Rochester, Monroe County) AppID 5023

Allocation: 700 kW
Contract Demand: 700 kW
Power Utilization: 100%
Cumulative Capital Spending: \$2,187,865 or 55% of 5year commitment
Job Commitment: 184 jobs
Jobs Reported: 158 jobs or 86%

Background: Upstate Niagara Coop Inc. produces dairy products. The company reports an error when filling out its original application for this location.

Recommendation: *Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 670 kW, and authorize an adjustment of the job commitment to not less than 177 jobs.*

Women's Housing & Economic Development Corp. (Bronx, Bronx County) AppID 9675

Allocation: 10 kW (effective 12-1-2015)
Contract Demand: 10 kW (effective 12-1-2015)
Power Utilization: 100%
Cumulative Capital Spending: \$1,746,256 or 32% of 5year commitment
Job Commitment: 237 jobs (effective 12-1-2015)
Jobs Reported: 162 jobs or 68%

Background: Women's Housing & Economic Development ("WHEDCO") is a green building program for affordable housing. WHEDCO's Staff has decreased each year, and this is the third consecutive year it reported below the compliance threshold. Due to the nature of its workforce, many of WHEDCO's employees work less than 20 hours a week, and therefore cannot be counted towards its employment commitment under the standard RNY Power contract template.

Recommendation: *The minimal RNY Power allocation WHEDCO currently receives provides the company with critical energy savings. Therefore, staff recommends that the Trustees authorize an adjustment of WHEDCO's job commitment to not less than 185 jobs to account for WHEDCO's unique employment/employee structure, without modifying the amount of WHEDCO's contract demand or RNY Power Allocation at this time.*

XLI Corporation (Rochester, Monroe County) AppID 7576

Allocation: 130 kW
Contract Demand: 130 kW
Power Utilization: 100%
Cumulative Capital Spending: \$255,318 or 10% of 5year commitment
Job Commitment: 63 jobs
Jobs Reported: 49 jobs or 78%

Background: XLI Corporation manufactures machine components. Customer plant closures and business transitions resulted in fewer orders and lower sales for XLI. In order for the company to remain solvent it had to make various cost saving reductions including staffing reductions.

Recommendation: *Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 110 kW, and authorize an adjustment of the job commitment to not less than 55 jobs.*

Yeshiva University (New York, New York County) AppID 7104

Allocation: 100 kW
Contract Demand: 100 kW
Power Utilization: 100%
Cumulative Capital Spending: \$383,829 or 15% of 5year commitment
Job Commitment: 183 jobs
Jobs Reported: 147 jobs or 80%

Background: Yeshiva University provides higher education. The company did not provide any information explaining its job shortfall for the 2014-2015 reporting period.

Recommendation: *Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 90 kW, and authorize an adjustment of the job commitment to not less than 165 jobs.*

EXHIBIT 4a-B

Non-Compliance with 1-Year Capital Investment Commitment – Recommended Reductions in Contract Demands and RNY Power Allocations and Adjustments to Job Retention Commitments and Capital Investment Commitments

Canada Dry Bottling Company of New York, Inc. (Melville, Suffolk County) AppID 4492

Allocation: 30 kW (Effective 12-1-2015)
Contract Demand: 30 kW
Power Utilization: 100%
1-year Capital Investment Commitment: \$23,920 (Effective 12-1-2015)
Capital Investment reported: \$0
Cumulative Capital Spending: 0%
Job Commitment: 38 jobs (Effective 12-1-2015)
Jobs Reported: 55 jobs or 145%

Background: Canada Dry is a beverage distributor and is under the ownership of the Pepsi Cola Bottling Company of NY. The company has not met the capital spending commitment due to a decision by its corporate parent to redirect investment to other facilities.

Recommendation: *Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 10 kW, and authorize an adjustment of the job commitment to not less than 38 jobs and the capital investment commitment to zero.*

Dab-O-Matic Corporation (Mount Vernon, Westchester County) AppID 10043

Allocation: 136 kW
Contract Demand: 136 kW
Power Utilization: 100%
1-year Capital Investment Commitment: \$425,000
Capital Investment reported: \$93,681 or 22%
Cumulative Capital Spending: \$289,482 or 68%
Job Commitment: 83 jobs
Jobs Reported: 68 jobs or 82%

Background: Dab-O-Matic manufactures flow applicators. The company indicates that unfavorable economic conditions forced it to cut back on capital expenditures during the reporting period. Additionally, it reported an average of 17 jobs less than the previous reporting period.

Recommendation: *Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 130 kW, and authorize an adjustment of the job commitment to not less than 76 jobs and the capital investment commitment to not less than \$391,000. This recommendation is based on its job commitment shortfall 82%.*

EXHIBIT 4a-C

Non-Compliance with RNY Power Allocation Utilization Commitment – Recommended Reductions in Contract Demands and RNY Power Allocations and Adjustments to Job Retention Commitments

Barnes and Noble, Inc. (Westbury, Nassau County) AppID 9482

Allocation: 750 kW
Contract Demand: 750 kW
Power Utilization: 79%
1-year Capital Investment Commitment: \$8,300,000
Cumulative Capital Spending: 177% of 1 year commitment
Job Commitment: 255 jobs
Jobs Reported: 248 jobs, or 97% of commitment

Background: Barnes & Noble is the business center for bookstore retail businesses. Last year, the company was to make modifications and reallocate its RNY allocation to additional electric accounts to better utilize its full allocation. It is still below the compliance threshold for power utilization.

Recommendation: *Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 670 kW, and authorize an adjustment of the job commitment to not less than 227 jobs.*

S. Howes, Inc. (Silver Creek, Chautauqua County) AppID 10387

Allocation: 40 kW
Contract Demand: 40 kW
Power Utilization: 43%
1-year Capital Investment Commitment: \$350,000
Cumulative Capital Spending: 400% of 1 year commitment
Job Commitment: 22 jobs (effective 12-1-2015)
Jobs Reported: 25 jobs or 114%

Background: S. Howes, Inc. manufactures and designs process equipment. The company did not provide any information regarding its kW utilization shortfall.

Recommendation: *Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 20 kW, and authorize an adjustment of the job commitment to not less than 12 jobs.*

EXHIBIT 4a-D

Reported Non-Compliance with Supplemental Commitments – No Action Recommended

1. Job Commitments

Automotive Corporation, Inc. (Batavia, Genesee County) AppID 3845

Allocation: 226 kW
Contract Demand: 226 kW
Power Utilization: 100%
Capital Spending: Zero capital investment commitment customer
Job Commitment: 160 jobs
Jobs Reported: 141 jobs, or 88% of commitment

Background: Automotive Corporation Inc. manufactures automotive components. The company was slightly below its 90% compliant threshold by 3 jobs. Due to various contracts ending in 2015, it had slightly reduced hiring. Since it last reported in August 2015, the company has increased its staffing levels and is now in compliance.

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

Cold Spring Harbor Laboratory (Cold Spring Harbor, Nassau County) AppID 7057

Allocation: 1,200 kW
Contract Demand: 1,200 kW
Power Utilization: 100% of commitment
Cumulative Capital Spending: \$17,060,984 or 27% of 5year commitment
Job Commitment: 985 jobs
Jobs Reported: 800 jobs, or 81% of commitment

Background: Cold Spring Harbor Laboratory is an academic research facility. The company had experienced delays in the completion and occupancy of a new facility that would have required additional staff. The company has recently submitted recent employment numbers for July 2015 through January 2016 and it is reporting levels well above the compliance threshold at 993 jobs, or 101%.

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

JPMorgan Chase – Brooklyn (Brooklyn, Kings County) AppID 9317

Allocation: 6226 kW
Contract Demand: 6226 kW
Power Utilization: 100% of commitment
Cumulative Capital Spending: \$51,324,688 or 17% of 5year commitment
Job Commitment: 4,012 jobs
Jobs Reported: 3,543 jobs, or 88%

Background: JPMorgan/Chase provides banking and financial services. JPMorgan Chase has densified many office spaces resulting in relocation of employees across its buildings. The company has trended

upward with an employment number of 3,869 since June 2015. As a result, it is above the compliance threshold at 96%.

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

Madelaine Chocolates (Rockaway Beach, Queens County) AppID 3277

Allocation: 610 kW
Contract Demand: 500 kW
Power Utilization: 99%
Cumulative Capital Spending: \$6,509,330 or 260% of 5year commitment
Job Commitment: 400 jobs
Jobs Reported: 87 jobs or 22%

Background: Madelaine Chocolates manufactures chocolates. The company reported slow and steady progress to rebuild business after suffering greatly during Hurricane Sandy. The company reports the focus of major spending on equipment and building repair. As a result, since submitting its report, its employment has nearly doubled its employment to 146 full time employees as of February 2016. The company reports that approximately 35 new employees will be hired in May of 2016.

Recommendation: *In view of the impacts of Hurricane Sandy on this customer, the earnest efforts the customer has made to rebuild its workforce, and the company's forecast for new hires, Staff recommends that the Trustees take no action at this time. Staff intends to continue to conduct quarterly compliance reviews with of the company to determine the company's anticipated timeframe to meet its jobs commitments.*

NYSE Euronext (New York, New York County) AppID 10116

Allocation: 1,686 kW
Contract Demand: 1,686 kW
Power Utilization: 100%
Cumulative Capital Spending: \$34,194,000 or 342% of 5year commitment
Job Commitment: 400 jobs
Jobs Reported: 348 jobs or 87%

Background: New York Stock Exchange did not meet its job commitment level for the Reporting Period ending in June 2015. However, subsequently, between March 2015 and December 2015, the company reported average monthly jobs of 645, bringing it well above a 90% compliance rate.

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

Owens-Brockway Glass Container, Inc. (Auburn, Cayuga County) AppID 9144

Allocation: 3,500 kW
Contract Demand: 3,500 kW
Power Utilization: 100%
Cumulative Capital Spending: \$6,909,814 or 69% of 5year commitment
Job Commitment: 260 jobs
Jobs Reported: 230 jobs or 88%

Background: Owens-Brockway Glass Container, Inc. manufactures glass containers. As of June 2015, Owens-Brockway has exceeded its job commitment. The company's current employment is at an average of 246 as of December 2015 bringing it above the compliance threshold at 95%.

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

Richardson Brands Company (Canajoharie, Montgomery County) AppID 9225

Allocation: 346 kW
Contract Demand: 346 kW
Power Utilization: 100%
Cumulative Capital Spending: \$2,299,415 or 92% of 5year commitment
Job Commitment: 200 jobs
Jobs Reported: 162 jobs or 81%

Background: Richardson Brands Company manufactures candy. The company reports that a new production line was launched in June 2015 and fully functional as of September 2015. The company's current employment was at an average of 203 as of December 2015, bringing it above its compliance threshold at 102%.

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

Veeco Instruments (Plainview, Nassau County) AppID 4982

Allocation: 476 kW
Contract Demand: 476 kW
Power Utilization: 100%
Cumulative Capital Spending: \$2,270,827 or 136% of 5year commitment
Job Commitment: 182 jobs
Jobs Reported: 161 jobs or 88%

Background: Veeco Instruments manufactures technological equipment. Since June 2015, the company reported 178 jobs, or 98% of its commitment, and is on track to meet its commitment entirely by Summer 2016.

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

2. Power Utilization Commitments

Elmhurst Dairy, Inc. (Jamaica, Queens County) AppID 4588

Allocation: 730 kW
Contract Demand: 730 kW
Power Utilization: 81%
Cumulative Capital Spending: \$7,704,971 or 22% of 5year commitment
Job Commitment: 240 jobs
Jobs Reported: 293 jobs or 122%

Background: Elmhurst Dairy produces milk and juice products. The company made modifications to its electric meters designated to receive ReCharge NY Power and redistributed the allocations to additional electric accounts to better utilize its full allocation.

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

Sutherland Global Services (Rochester, Monroe County) AppID 11380

Allocation: 600 kW (76 kW effective 2/1/2016)
Contract Demand: 600 kW (76 kW effective 2/1/2016)
Power Utilization: 28%
Cumulative Capital Spending: \$3,508,988 or 100% of 5year commitment
Job Commitment: 2,975 jobs
Jobs Reported: 2,989 jobs or 100%

Background: Sutherland Global Services provides back-office processing. This is the second year the company did not meet its power allocation commitment. The company requested a kW reduction to 76 kW to better meet its power needs. This change went into effect February 2016.

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

The Gap (New York City, New York County) AppID 24193

Allocation: 486 kW
Contract Demand: 486 kW
Power Utilization: 75%
Cumulative Capital Spending: \$1,125,650 or 56% of 5year commitment
Job Commitment: 675 jobs
Jobs Reported: 755 jobs or 112%

Background: The Gap is a global brand headquarters. Due to an enrollment error with its Investor Owned Utility that delivers its power, not all accounts had been credited with or received RNY Power, resulting in an under-utilization of its RNY Power allocation. This error has since been corrected.

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

3. No Contract Demand/RNY Power Allocation Reduction Calculated/Required

Alken Industries, Inc. (Ronkonkoma, Suffolk County) AppID 9616

Allocation: 80 kW
Contract Demand: 80 kW
Power Utilization: 100%
Cumulative Capital Spending: \$106,637 or 3% of 5year commitment
Job Commitment: 50 jobs
Jobs Reported: 44 jobs or 88%

Background: Alken Industries, Inc. manufactures and assembles aircrafts parts. Alken was found to be non-compliant with its jobs commitment based on reported information. However, because the shortfall is relatively minor, the methodology used to calculate reduction of contract demand and allocation does not result in a reduction of the contract demand and allocation.

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

Margaretville Hospital (Margaretville, Delaware County) AppID 9999

Allocation: 40 kW
Contract Demand: 40 kW
Power Utilization: 100%
Cumulative Capital Spending: \$7,473,531 or 176% of 5yr. commitment
Job Commitment: 101 jobs
Jobs Reported: 86 jobs or 85%

Background: Margaretville Hospital is part of the HealthAlliance network. Mount Saint Mary's Hospital was found to be non-compliant with its jobs commitment based on reported information. However, because the shortfall is relatively minor, the methodology used to calculate reduction of contract demand and allocation does not result in a reduction of the contract demand and allocation.

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

Mount Saint Mary's Hospital (Lewiston, Niagara County) AppID 5421

Allocation: 330 kW
Contract Demand: 330 kW
Power Utilization: 100%
Cumulative Capital Spending: \$7,846,616 or 18% of 5year commitment
Job Commitment: 725 jobs
Jobs Reported: 644 jobs or 89%

Background: Mount Saint Mary's Hospital operates as a healthcare facility. Mount Saint Mary's Hospital was found to be non-compliant with its jobs commitment based on reported information. However, because the shortfall is relatively minor, the methodology used to calculate reduction of contract demand and allocation does not result in a reduction of the contract demand and allocation.

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

SCA Tissue North America LLC (Saratoga Springs, Saratoga County) AppID 3902

Allocation: 80 kW
Contract Demand: 80 kW
Power Utilization: 100%
Cumulative Capital Spending: \$237,772 (\$0 1year commitment)
Job Commitment: 21 jobs
Jobs Reported: 18 jobs or 86%

Background: SCA Tissue North America manufactures tissue products. SCA Tissue North America was found to be non-compliant with its jobs commitment based on reported information. However, because the shortfall is relatively minor, the methodology used to calculate reduction of contract demand and allocation does not result in a reduction of the contract demand and allocation.

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

EXHIBIT 4a-E

Non-Compliance with Compliance Reporting Requirement – Electric Service for RNY Power to be Suspended

| RNY Power Customer | RNY Power Allocation (kW) | Job Commitment | 5-Year Capital Investment Commitment | Location | County |
|-----------------------------------|----------------------------------|-----------------------|---|-----------------|---------------|
| AT&T - White Plains | 250 | 530 | None | White Plains | Westchester |
| Friedberg Jewish Community Center | 20 | 436 | \$ 10,000,000 | Oceanside | Nassau |
| Graphic Image Inc. | 90 | 125 | \$ 800,000 | Melville | Suffolk |
| PCI Paper Conversions, Inc. | 386 | 126 | \$ 1,739,000 | Syracuse | Onondaga |

EXHIBIT 4a-F: SUMMARY OF EXHIBITS 4a-A - 4a-E

Exhibit 4a-F

ALLOCATIONS AND JOB COMMITMENTS TO BE REDUCED DUE TO JOB NONCOMPLIANCE (Exhibit 4a-A)

| Customer | Allocation (kW) | Employment Commitment | Jobs Reported | Jobs Compliance % | Revised Commitments | | Reductions | | City | County |
|---|--------------------|--------------------------|------------------|----------------------|----------------------------|-------|------------|-------|-------------------|-------------|
| | | | | | (kW) | Jobs | (kW) | Jobs | | |
| AccuMed Technologies Inc. | 80 | 190 | 107 | 56% | 50 | 125 | 30 | 65 | Buffalo | Erie |
| Air Products, Inc. - Medina | 250 | 9 | 6 | 67% | 190 | 7 | 60 | 2 | Medina | Orleans |
| Air Techniques Inc | 440 | 315 | 222 | 70% | 350 | 252 | 90 | 63 | Melville | Suffolk |
| Albert Einstein College of Medicine at Yeshiva University | 1,430 | 2,875 | 2,413 | 84% | 1,390 | 2,413 | 40 | 462 | Bronx | Bronx |
| AMF Bowling Inc. | 476 | 95 | 85 | 89% | 470 | 94 | 6 | 1 | Lowville | Lewis |
| Angion Biomedica Corp. | 250 | 30 | 26 | 87% | 240 | 29 | 10 | 1 | Uniondale | Nassau |
| Arkwin Industries | 700 | 320 | 252 | 79% | 620 | 285 | 80 | 35 | Westbury | Nassau |
| Burton Industries Inc. | 400 | 47 | 31 | 66% | 300 | 36 | 100 | 11 | North Babylon | Suffolk |
| Byrne Dairy, Inc. (ICC) | 236 | 28 | 21 | 75% | 200 | 24 | 36 | 4 | Syracuse | Onondaga |
| Cambridge Valley Machining | 220 | 117 | 83 | 71% | 180 | 95 | 40 | 22 | Cambridge | Washington |
| Citigroup NA - Long Island City | 3,476 | 4,730 | 4,091 | 86% | 3,340 | 4,541 | 136 | 189 | Long Island City | Queens |
| Citigroup, Inc. - Greenwich St. | 2,920 | 5,792 | 4,218 | 73% | 2,420 | 4,807 | 500 | 985 | New York | New York |
| Computer Associates International | 2,560 | 1,800 | 1,540 | 86% | 2,460 | 1,728 | 100 | 72 | Islandia | Suffolk |
| Cooper Power Systems | 836 | 205 | 179 | 87% | 810 | 199 | 26 | 6 | Olean | Cattaraugus |
| Dayton T. Brown | 120 | 213 | 156 | 73% | 100 | 177 | 20 | 36 | Bohemia | Suffolk |
| Flag Poles, Inc. | 120 | 94 | 76 | 81% | 110 | 86 | 10 | 8 | East Setauket | Suffolk |
| Henry Schein, Inc. | 1,050 | 1,384 | 1,238 | 89% | 1,040 | 1,370 | 10 | 14 | Melville | Suffolk |
| International Fiber Corporation | 900 | 84 | 51 | 61% | 640 | 60 | 260 | 24 | North Tonawanda | Niagara |
| Intertek Testing Services App. ID 10157 | 600 | 414 | 352 | 85% | 570 | 393 | 30 | 21 | Cortland | Cortland |
| ITT Corp. (EDO) | 350 | 211 | 143 | 68% | 270 | 165 | 80 | 46 | Bohemia | Suffolk |
| Kerry Biofunctional Ingredients, Inc. | 560 | 112 | 97 | 87% | 540 | 109 | 20 | 3 | Norwich | Chenango |
| Kraft Foods Global, Inc. - Avon | 2,670 | 389 | 343 | 88% | 2,620 | 381 | 50 | 8 | Avon | Livingston |
| Land O'Lakes Inc. | 950 | 267 | 234 | 88% | 930 | 262 | 20 | 5 | Hicksville | Nassau |
| Lehigh Northeast Cement Company | 4,820 | 115 | 94 | 82% | 4,430 | 106 | 390 | 9 | Glens Falls | Warren |
| Linita Design Mfg Corp | 86 | 40 | 26 | 65% | 60 | 30 | 26 | 10 | Lackawanna | Erie |
| Lockheed Martin | 3,000 | 1,835 | 1,610 | 88% | 2,940 | 1,798 | 60 | 37 | Liverpool | Onondaga |
| Maines Paper Food Service Inc | 666 | 1,336 | 1,091 | 82% | 610 | 1,229 | 56 | 107 | Conklin | Broome |
| Mayer Brothers Apple Products, Inc. | 250 | 106 | 82 | 77% | 220 | 92 | 30 | 14 | Barker | Niagara |
| Navilyst Medical, Inc | 796 | 680 | 519 | 76% | 690 | 585 | 106 | 95 | Glens Falls | Warren |
| NBTY, Inc. App. ID 9431 | 1,026 | 412 | 344 | 83% | 950 | 383 | 76 | 29 | Bayport | Suffolk |
| New York Container Terminal, Inc. | 436 | 520 | 350 | 67% | 340 | 400 | 96 | 120 | Staten Island | Richmond |
| Northrop Grumman Systems Corporation | 1,420 | 1,300 | 448 | 34% | 630 | 572 | 790 | 728 | Bethpage | Nassau |
| Pall Corporation - APP. ID 11465 | 646 | 101 | 81 | 80% | 580 | 91 | 66 | 10 | Hauppauge | Suffolk |
| Printex Packaging Corporation | 136 | 68 | 43 | 63% | 100 | 50 | 36 | 18 | Islandia | Suffolk |
| Rebekah Rehab | 160 | 228 | 178 | 78% | 140 | 201 | 20 | 27 | Bronx | Bronx |
| SCA Tissue North America LLC | 5,806 | 288 | 255 | 89% | 5,750 | 285 | 56 | 3 | South Glens Falls | Saratoga |
| SCA Tissue North America LLC - Greenwich | 686 | 120 | 99 | 83% | 640 | 112 | 46 | 8 | Greenwich | Washington |
| Snyder Industries, Inc. | 466 | 106 | 74 | 70% | 370 | 85 | 96 | 21 | Tonawanda | Niagara |
| St Johns University | 1,000 | 3,413 | 1,981 | 58% | 680 | 2,321 | 320 | 1,092 | Jamaica | Queens |
| Syracuse Plastics LLC | 220 | 42 | 33 | 79% | 200 | 37 | 20 | 5 | Liverpool | Onondaga |
| The Kingston Hospital | 340 | 917 | 668 | 73% | 280 | 761 | 60 | 156 | Kingston | Ulster |
| Town Sports International, LLC | 196 | 100 | 83 | 83% | 180 | 93 | 16 | 7 | Elmsford | Westchester |
| Ultralife Batteries, Inc. | 590 | 261 | 166 | 64% | 440 | 193 | 150 | 68 | Newark | Wayne |
| Universal Photonics, Inc. - Vernon Facility | 110 | 59 | 45 | 76% | 100 | 51 | 10 | 8 | Vernon | Oneida |
| Upstate Niagara Coop Inc. - Rochester | 700 | 184 | 158 | 86% | 670 | 177 | 30 | 7 | Rochester | Monroe |
| Women's Housing & Economic Development Corp. | 10 | 237 | 162 | 68% | 10 | 185 | 0 | 52 | Bronx | Bronx |
| XLI Corporation | 130 | 63 | 49 | 78% | 110 | 55 | 20 | 8 | Rochester | Monroe |
| Yeshiva University | 100 | 183 | 147 | 80% | 90 | 165 | 10 | 18 | New York | New York |
| | | | | | Total Reduction: Exhibit A | | 4,340 | 4,740 | | |

Western NY Power Proceeds Allocation Board

Exhibit "4b-A"
May 24, 2016

Applicants Recommended for an Award of Fund Benefits

| Line | Business | City | County | Economic Development Region | Project Description | Project Type | Recommended Award Amount | Total Project Cost | Jobs Retained | Jobs Created |
|------|--|---------------|---------|-----------------------------|--|------------------------------------|--------------------------|--------------------|---------------|--------------|
| 1 | Niagara University | Niagara Falls | Niagara | Western NY | Phase 2 - Implementation plan related to the Niagara Global Tourism Institute | Tourism Marketing | \$500,000 | \$891,325 | - | - |
| 2 | Niagara Falls International Stakeholders Group | Niagara Falls | Niagara | Western NY | Implementation plan to support development of an Airport Business District Fiber Optic Network | Infrastructure/Downtown Investment | \$90,000 | \$180,000 | - | - |

Total: **\$590,000** **\$1,071,325** **-** **-**

Total Jobs Created & Retained: **-**

Criteria adapted from the Western NY Power Proceeds Allocation Board's
"Procedures for the Review of Applications for Fund Benefits"

1. The extent to which an award of Fund Benefits would be consistent with the strategies and priorities of the Regional Economic Development Council ("REDC") having responsibility for the region in which an Eligible Project is located.¹ The Western New York Regional Economic Development Council which is responsible for Eligible Projects in Erie and Niagara Counties Strategies & Priorities are:
 - Promote "Smart Growth" by investing in areas that infrastructure already exists and achieves certain goals, such as: preserving historic buildings; reviving downtowns; reviving main streets; investing in existing neighborhoods; and investing in former industrial sites. A project consistent with Smart Growth will also focus on: enhancing walkability; enhancing multiple modes of transportation; connecting disadvantaged communities to employment clusters; spurring mixed-use private investment in existing communities and preserving/enhancing natural lands and or resources.
 - Promote workforce development by increasing diversity in the labor force, developing and cultivating that includes workers with advancement potential, underemployed, unemployed and special population; align education and skills training to job market for current and future industry needs.
 - Foster entrepreneurship and new business formation and growth. Designing a plan that brings new technologies and/or products to the marketplace, increases new start ups in strategic industries and facilitates the commercialization of products that can lead to job growth in the Region.
 - Increase the industry profile of agriculture in WNY by: creating better access to markets; creating new products; creating new more efficient processes; creating strong regional brands; creating programs that promote careers in agriculture.
 - Utilize Western New York's proximity to Canadian and U.S. population centers to advance economic development in WNY. Bi-national projects will: utilize cross-border planning to create transportation and logistical infrastructure; improve

¹ As provided for in EDL § 189-c(4), criteria 2-15 are adapted from the criteria for eligibility for Expansion Power, Replacement Power and Preservation Power under Public Authorities Law § 1005. The specific criteria identified in PAL § 1005(13)(b)(4)-(5) are relevant to power allocations under these programs but do not have any logical application to allocations of Fund Benefits. Therefore, the Board does not expect to use these criteria to evaluate applications for Fund Benefits. Additionally, in accordance with PAL § 1005(13), criteria 13-15 listed herein will only be used in the case of Eligible Projects which are proposed by Applicants as, and determined by the Board to be, "revitalization" projects.

operational relationships; promote the attractiveness of WNY as a hub for global trade.

- Position the WNY region as a global energy hub through new sources of clean energy, energy efficiency and energy efficient transportation.
- Support growth of advanced manufacturing by making research more available to manufacturers to help them innovate.
- Spur growth in the health and life sciences industry through improved commercialization, recruit high profile research talent and reducing the cost burden of healthcare while improving health outcomes.
- Expand the scope of higher education by increasing accessibility to Higher Education for communities that currently have limited access to educational opportunities; better aligning education with the industry needs and creating support structures for start-ups which will assist start-ups with commercialization, business planning, workforce preparation, facilities, etc.
- Grow visitors and visitor spending by raising the profile of WNY as a national and international destination; connect multiple tourist destinations in WNY; improve the profile of the WNY Gateway to the United States.

For more information on the Western New York Regional Economic Development Council please go to <http://regionalcouncils.ny.gov/content/western-new-york>.

2. The extent to which an award of Fund Benefits would be consistent with the strategies and priorities of the Regional Economic Development Council ("REDC") having responsibility for the region in which an Eligible Project is located.² The Finger Lakes Regional Economic Development Council which is responsible for Eligible Projects in Orleans and Genesee Counties Strategies & Priorities can be found at: <http://regionalcouncils.ny.gov/content/finger-lakes>.
3. The number of jobs that would be created as a result of an award of Fund Benefits.
4. The applicant's long term commitment to the region as evidenced the current and/or planned capital investment in applicant's facilities in the region.
5. The ratio of the number of jobs to be created to the amount of Fund Benefits requested.
6. The types of jobs that would be created, as measured by wage and benefit levels, security and stability of employment.
7. The amount of capital investment, including the type and cost of buildings, equipment and facilities, proposed to be constructed, enlarged or installed.
8. The extent to which an award of Fund Benefits would affect the overall productivity or competitiveness of the applicant and its existing employment.

² As provided for in EDL § 189-c(4), criteria 2-15 are adapted from the criteria for eligibility for Expansion Power, Replacement Power and Preservation Power under Public Authorities Law § 1005. The specific criteria identified in PAL § 1005(13)(b)(4)-(5) are relevant to power allocations under these programs but do not have any logical application to allocations of Fund Benefits. Therefore, the Board does not expect to use these criteria to evaluate applications for Fund Benefits. Additionally, in accordance with PAL § 1005(13), criteria 13-15 listed herein will only be used in the case of Eligible Projects which are proposed by Applicants as, and determined by the Board to be, "revitalization" projects.

9. The extent to which an award of Fund Benefits may result in a competitive disadvantage for other business in the State.
 10. The growth potential of the applicant's facilities and the contribution of economic strength to the area in which the applicant's facilities are or would be located.
 11. The extent of the applicant's willingness to satisfy affirmative action goals.
 12. The extent to which an award of Fund Benefits is consistent with state, regional and local economic development strategies and priorities and supported by local units of government in the area in which the business is located.
 13. The impact of an award of Fund Benefits on the operation of any other facilities of the applicant, and on other businesses within the region.
 14. That the business is likely to close, partially close or relocate resulting in the loss of a substantial number of jobs.
 15. That the applicant is an important employer in the community and efforts to revitalize the business are in long-term interests of both employers and the community.
 16. That a reasonable prospect exists that the proposed award of Fund Benefits will enable the applicant to remain competitive and become profitable and preserve jobs for a substantial period of time.
-
-



Western NY Power Proceeds Allocation Board

May 25, 2016
EXHIBIT 4b-C-1

Western New York Economic Development Fund Recommendation Memo

| | | | |
|---|---------------------------|---|------------------|
| Applicant Name: | Niagara University (“NU”) | REDC Region: | Western New York |
| Project Type: | Tourism/Marketing | County: | Niagara |
| Industry: | Not for Profit | Locality: | Niagara Falls |
| Amount Requested: | \$637,096 | Start Date: | June 2015 |
| | | Finish Date: | May 2017 |
| RECOMMENDED OFFER | | | |
| Recommended Total Award: | | \$500,000 | |
| Total Project Cost: | | \$891,325 | |
| % of Project Cost Recommended: | | 56% | |
| PROJECT BUDGET (Proposed by Applicant) | | | |
| Use of funds | Amount | Source of Funds | Amount |
| Salaries and Wages | \$478,340 | WNY EDF | \$637,096 |
| Rent/Lease/Utilities | \$158,750 | Committed: Niagara University | \$254,229 |
| Supplies and Materials | \$ 1,700 | | |
| Training, Research, Conferences | \$ 10,500 | | |
| Wi Fi Feasibility Study/VCA | \$100,000 | | |
| Leasehold Improvements | \$ 20,000 | | |
| Administrative Overhead | \$ 23,112 | | |
| Sub-Committee Meeting Costs | \$ 6,000 | | |
| Local Travel | \$ 3,000 | | |
| 2 nd Project Outcomes – Web/database | \$ 20,000 | | |
| Disney Institute Program Related | \$ 69,923 | | |
| Total: | \$891,325 | Total: | \$891,325 |
| REGIONAL IMPACT MEASUREMENTS | | | |
| Job Commitments: | | The Funding Track under which the application was submitted does not require job-related commitments. | |
| Average Salary of Jobs: | | N/A | |
| Indirect Jobs Created | | N/A | |
| Other Impact | | None | |



Western NY Power Proceeds Allocation Board

May 25, 2016
EXHIBIT 4b-C-1

Western New York Economic Development Fund Recommendation Memo

PROJECT DESCRIPTION (Adapted from Application)

The applicant is seeking funding to support a project (the “Second Project”) which builds off an initial project funded through the WNY Economic Development Fund (the “First Project”) that established the Niagara Global Tourism Institute (“NGTI”) in the City of Niagara Falls, NY. The Second Project will focus on implementing the following initiatives designed by each of the four sub-committees established under the First Project:

- Research Sub-Committee:
 - Assist current stakeholders in making informed investment decisions;
 - Assist potential stakeholders in assessing the market for new ventures;
 - Provide critical data to monitor performance of the tourism sector.
- Skills Development Sub-Committee:
 - Create a tourism workforce and awareness campaign to engage the community and promote career opportunities in tourism/hospitality;
 - Develop executive and professional training programs aimed at industry professionals and corporate partners and focused on both tourism technology and traditional areas of tourism and hospitality;
 - Address gaps in the tourism workforce and develop programming aimed at improving skills and converting unemployed individuals into qualified personnel through sector needs-based training.
- Technology Sub-Committee:
 - Commission a feasibility study to identify infrastructure needs and costs associated with creating a Wi-Fi network. NGTI will partner with Niagara Tourism and Convention Corporation to offer its new tourism platform to individuals using the Wi-Fi network.
- Business Incubation Sub-Committee:
 - Offer incubation space to support small business ventures in the tourism sector. Location within the NGTI allows for direct connections between small business entrepreneurs and NU faculty and students engaged in research and innovation;
 - Attract new investment in downtown Niagara Falls.

OTHER ECONOMIC DEVELOPMENT BENEFITS RECEIVED

| | | | |
|----------|-----|--------------|-----|
| ESD: | N/A | NYEDP/DASNY: | N/A |
| NYS EPF: | N/A | Other: | \$ |

PREVIOUS STATE ASSISTANCE OFFERED OR PROVIDED

| TYPE | AMOUNT | STATUS |
|----------------|-----------|------------------------------------|
| WNYPPAB | \$250,000 | Complete Funding for First Project |
| Niagara County | N/A | |



Western NY Power Proceeds Allocation Board

May 25, 2016
EXHIBIT 4b-C-1

Western New York Economic Development Fund Recommendation Memo

BASIS FOR RECOMMENDATION

The applicant indicates that NGTI's objectives and tourism focus are of great importance to the region and a natural extension of NU's long term strategy to lead in global tourism education and research. This was substantiated by an independent study performed by Millier Dickenson Blais that helped determine methods in which NU could successfully contribute to the enhancement of the regional tourism industry. These objectives align with WNY Regional Economic Development Council strategies and Governor Cuomo's goal to revitalize the Niagara Falls, NY region.

NGTI recently hired Mr. Patrick Whalen as the organization's interim director. Mr. Whalen is noted for his economic development experience and contacts with specific expertise in business incubation, supply chain management and international trade. He brings a wealth of experience to NGTI including:

- A seven-year tenure with the Buffalo Niagara Medical Campus;
- President/owner of PJW Transition Services;
- Division manager at UPS Supply Chain Solutions;
- Owner/president of Fulfillment Systems International;
- Founder/co-founder of more than 20 entrepreneurial ventures; and
- Professional leadership positions for several organizations, including the Buffalo Niagara World Trade Center, the Buffalo Niagara Partnership's Logistics Council and the New York State Business Incubation Association.

Funding this project would provide NGTI more time to create a sustainable organization under new leadership.

POSSIBLE FUND BENEFIT USES AND DISBURSEMENT TERMS

Disburse Fund Benefits periodically in arrears on a cost-sharing basis for a portion of eligible expenses presented as part of an acceptable project budget when Applicant meets prescribed milestones.



Western NY Power Proceeds Allocation Board

May 24, 2016
EXHIBIT 4b-C-2

Western New York Economic Development Fund Recommendation Memo

| | | | |
|---|---|------------------------------------|------------------|
| Applicant Name: | NFIA Stakeholders Group, Inc. ("NFIASG") | REDC Region: | Western New York |
| Project Type: | Infrastructure/Downtown Investment | County: | Niagara |
| Industry: | Not for Profit | Locality: | Niagara Falls |
| Amount Requested: | \$90,000 | Start Date: | June 2016 |
| | | Finish Date: | June 2017 |
| RECOMMENDED OFFER | | | |
| Recommended Total Award: | | \$90,000 | |
| Total Project Cost: | | \$180,000 | |
| % of Project Cost Recommended: | | 50% | |
| PROJECT BUDGET (Proposed by Applicant) | | | |
| Use of funds | Amount | Source of Funds | Amount |
| F.O. Network Feasibility Study | \$48,000 | WNY EDF | \$90,000 |
| F.O. Network Design/Eng. | \$24,000 | Committed: National Grid | \$90,000 |
| Governance Structure/Org. Capacity | \$18,000 | | |
| Broadband Public Policy Program | \$36,000 | | |
| Framework to Scale Broadband Inv. | \$27,000 | | |
| Project Mgt./Oversight | \$27,000 | | |
| Total: | \$180,000 | Total: | \$180,000 |
| REGIONAL IMPACT MEASUREMENTS | | | |
| Job Commitments: | The Funding Track under which the application was submitted does not require job-related commitments. | | |
| Average Salary of Jobs: | N/A | | |
| Indirect Jobs Created | N/A | | |
| Other Impact | None | | |



Western NY Power Proceeds Allocation Board

May 24, 2016
EXHIBIT 4b-C-2

Western New York Economic Development Fund Recommendation Memo

PROJECT DESCRIPTION (Adapted from Application)

The applicant seeks funding to develop the "NFIA Business District Fiber Optic Network Implementation Plan" (the "Plan"), the second phase of an initiative to assess and develop the fiber optic infrastructure feeding the Niagara Falls International Airport and surrounding businesses.

Phase 2 will provide the supporting information necessary to plan for, deploy, and operate a state-of-the-art fiber-optic network in the southern portion of the Airport Focus Area, which includes the:

- Niagara Falls International Airport;
- Former Niagara Falls U.S. Army Reserve Site;
- Calspan Corporation;
- Niagara Industrial Suites;
- Rainbow Industrial Center; and
- Wheatfield Business Park.

The objective of the initiative is to provide access to affordable, high speed fiber optic broadband service to existing businesses in the Airport Focus Area and make a direct investment in the fiber-optic broadband infrastructure to facilitate business attraction efforts.

OTHER ECONOMIC DEVELOPMENT BENEFITS RECEIVED

| | | | |
|----------|-----|----------------------|----------|
| ESD: | N/A | NYEDP/DASNY: | N/A |
| NYS EPF: | N/A | Other: National Grid | \$90,000 |

PREVIOUS STATE ASSISTANCE OFFERED OR PROVIDED

| TYPE | AMOUNT | STATUS |
|---------|-----------|--|
| WNYPPAB | \$125,000 | NFIASG only spent \$24,750 of the \$125,000 to complete the original assessment. |



Western NY Power Proceeds Allocation Board

May 24, 2016
EXHIBIT 4b-C-2

Western New York Economic Development Fund Recommendation Memo

BASIS FOR RECOMMENDATION

The Plan is intended to promote investments in infrastructure necessary to attract high-tech industries and information technology companies, which are growing sectors of the local, regional, and national economy. Investments in fiber optic infrastructure have the potential to create new job opportunities in these key industry sectors for Niagara County.

The Plan is also intended to maximize capabilities at the Niagara Falls Airport terminal, thus supporting existing and future air carrier service and strengthening the viability of the airport, which is critical to continued tourism development in the Buffalo Niagara region. In addition, the project is expected to support existing businesses such as Calspan and those located at the Niagara Industrial Suites, Rainbow Industrial Center, and Wheatfield Business Park (i.e. Lockheed Martin, Matrix Imaging, Felton Machine, Nuttall Gear, Precision Process Equipment, Delfingen, and others). Lastly, the Plan will indirectly benefit operations at the Niagara Falls Air Reserve Station (NFARS), which is Niagara County's largest employer with nearly 3,000 jobs and an economic impact of \$200 million annually. The base has been targeted for closure on two separate occasions, but saved through community efforts. Coalescing additional investments in fiber optic infrastructure within the Airport Focus Area could help support existing and new missions, especially high-tech missions that rely on high-speed communications like the new Remotely Piloted Aircraft mission and future missions such as cyber defense. Retention of the NFARS is critical as it shares in the operation and maintenance of the airfield with the Niagara Frontier.

POSSIBLE FUND BENEFIT USES AND DISBURSEMENT TERMS

Use Fund Benefits to reimburse applicant for a portion of the costs associated with development of the Plan. An option is to disburse Fund Benefits in a lump sum upon project completion, as evidenced by such documentation NYPA may require verifying project completion and applicant expenditures of approximately \$180,000.



Quarterly Business Intelligence Update:

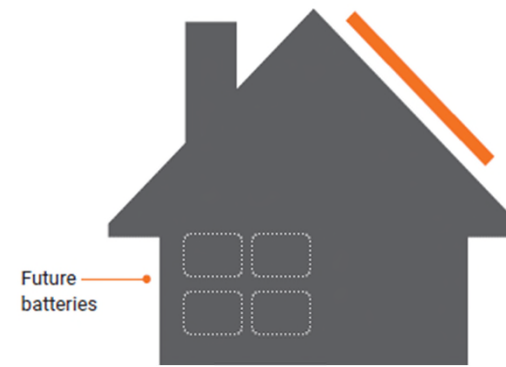
The role of storage in the transformation of the energy industry...

May 2016

Privileged & Confidential

What is energy storage?

- The capture of energy produced at one time (e.g. when demand is low) for use at a later time (i.e. when demand is high).



- Five key types of storage technology that can be deployed across the energy system

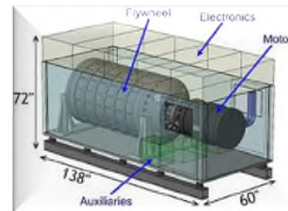
Pumped Hydro



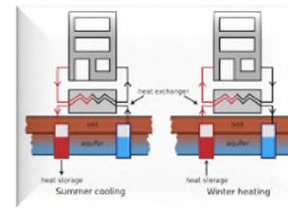
Batteries



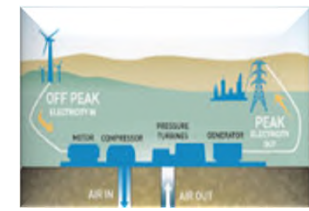
Flywheel



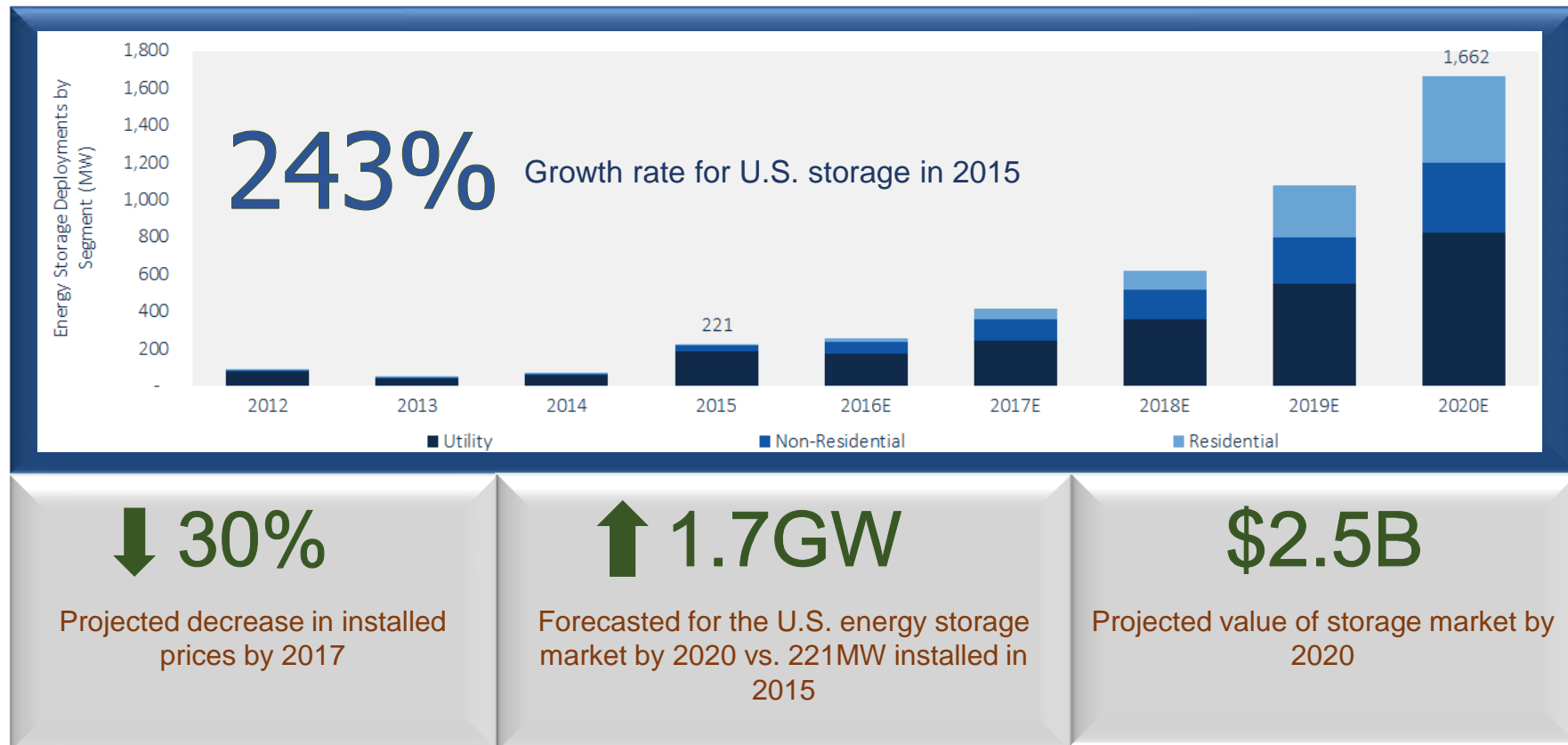
Thermal



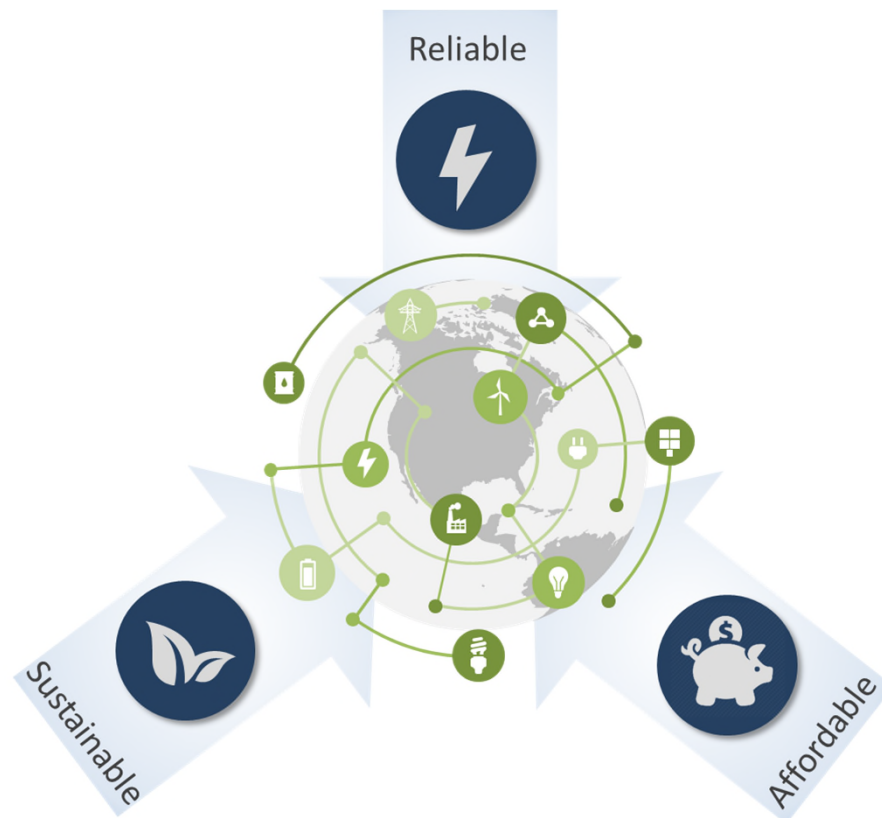
Compressed Air



What storage trends are we seeing in the energy marketplace?



Why is storage so potentially important to the energy system?

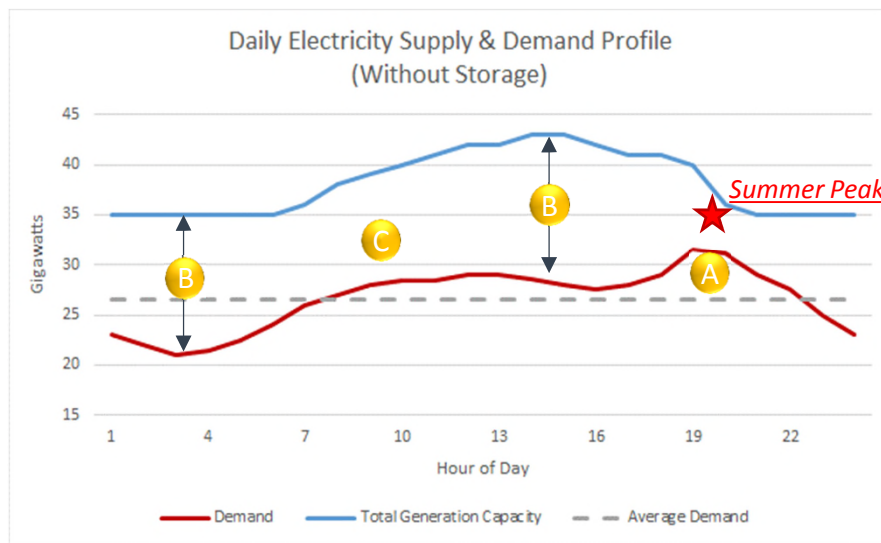


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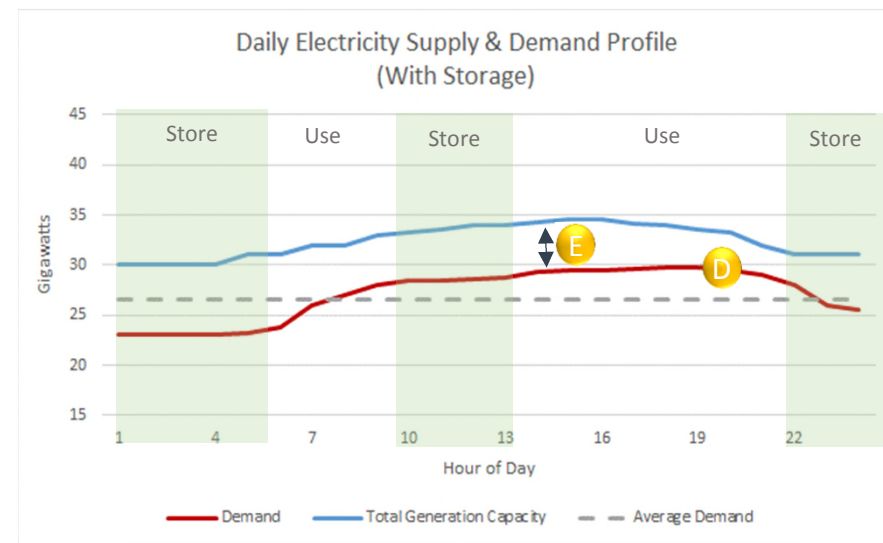
- The electric grid is built to meet peak demand at the highest time of the highest day in the year (often just a few hours). This means that there is significant idle capacity for the majority of the year.
- Storage can help address two significant challenges in the industry:
 - Helping to manage and reduce peak demand
 - Matching the timing of supply to meet demand.

Storage provides the ability to help manage and reduce peak demand and improve system efficiency.

Illustrative



The grid must be able to provide a significantly higher total generation capacity (annually) in order to meet peak customer demand.

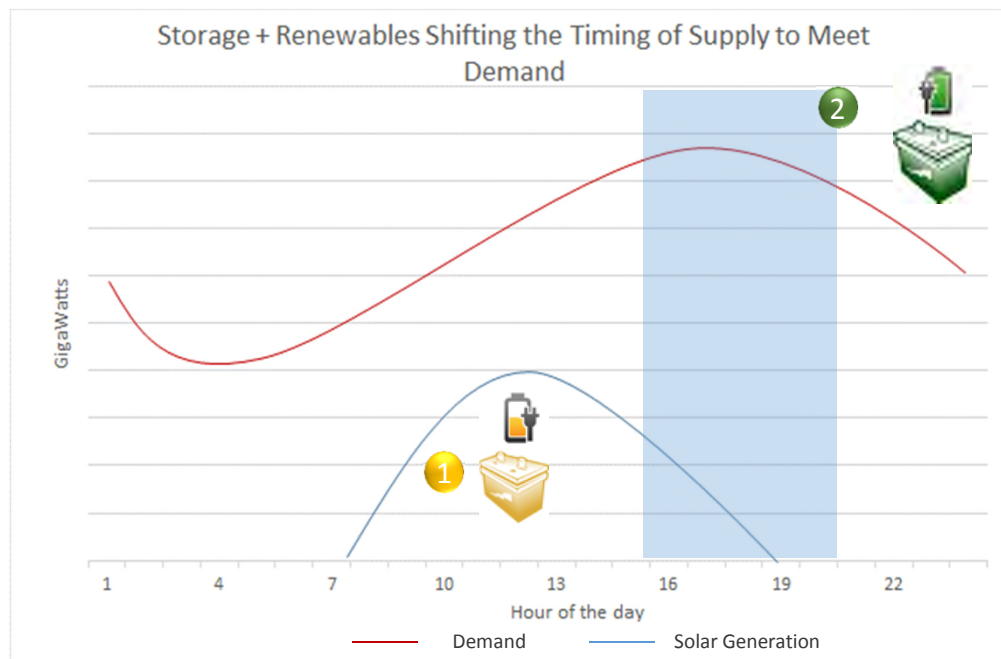


Storage can help to more closely match supply and demand so that they are more consistent and potentially reduce overall system generation capacity requirements.

Privileged & Confidential

Storage can also help optimize the use of renewables, matching the timing of supply to meet peak demand.

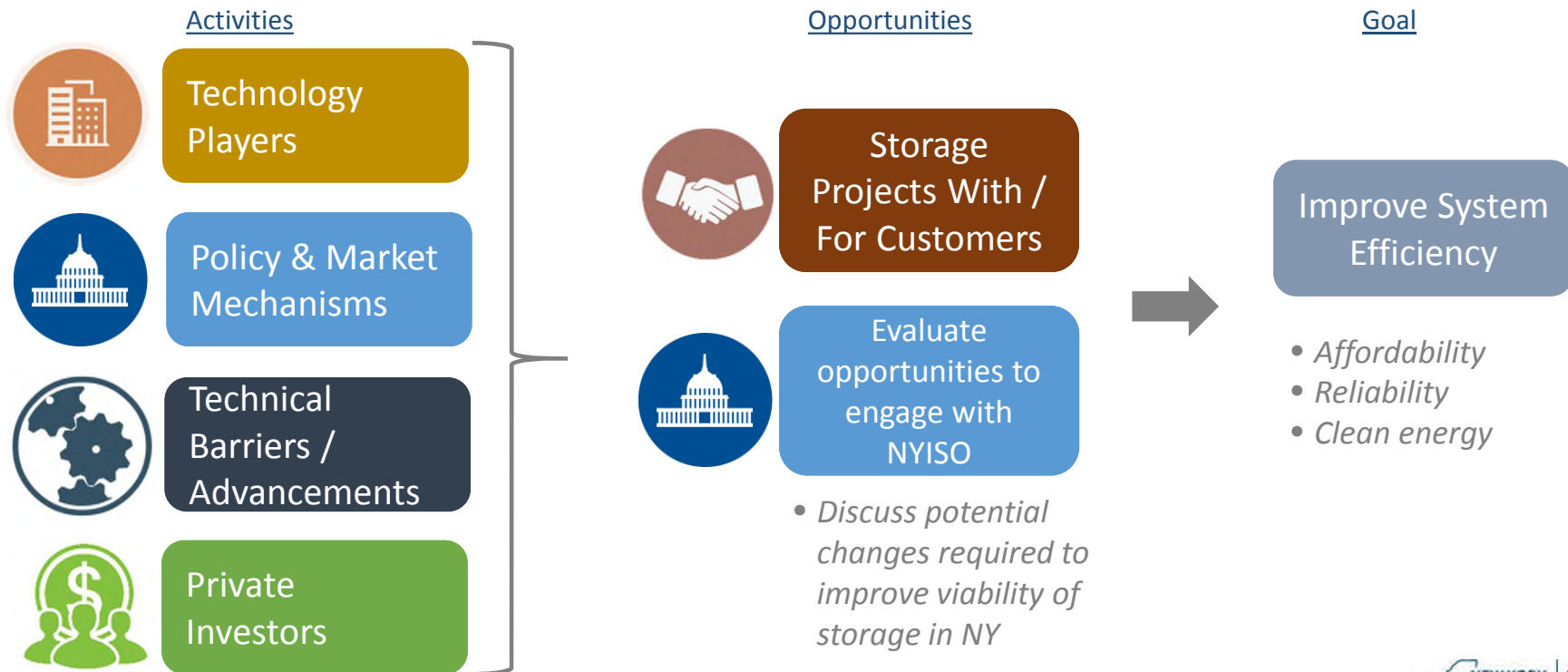
Illustrative



- 1) Storage can charge during the day while renewables, such as solar, are generating at their peak.
- 2) Storage, now fully charged, can then be dispatched in the early evening when customer demand peaks.

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Moving forward, NYPA will monitor industry trends and focus on opportunities to work with vendors and our customers on projects to improve system efficiency.



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STATE OF NEW YORK
EXECUTIVE CHAMBER
ALBANY 12224

ANDREW M. CUOMO
GOVERNOR

May 24, 2016

Edward A. Welz
Executive Vice President and COO
New York Power Authority
123 Main Street
White Plains, NY 10601-3170

Dear Ed:

I am proud to offer my warm congratulations and profound thanks as you retire from a long, exemplary career at the New York Power Authority.

For 34 years, your leadership, skill, and tireless dedication have made you an invaluable asset to NYPA, helping to build a cleaner, smarter, and more resilient power grid for New York while meeting some of the most critical energy and environmental challenges in our state's history. Your expertise and guidance have helped immeasurably to modernize the Authority and advance our landmark Reforming the Energy Vision initiative, and your tireless efforts during our recovery from Tropical Storms Irene and Lee and Superstorm Sandy only enhanced your tremendous value to our state.

On behalf of all New Yorkers, thank you for your history of extraordinary leadership, service, and commitment, and congratulations again on your well-deserved retirement. Best wishes to you, Leanore, and your family for much future success and happiness.

Warmest regards.

Sincerely,

A handwritten signature in black ink, appearing to read "Andrew M. Cuomo", written over a horizontal line.

ANDREW M. CUOMO

WE WORK FOR THE PEOPLE
PERFORMANCE ★ INTEGRITY ★ PRIDE