



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

July 25, 2017

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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 New York Energy Manager, Albany, New York, at approximately 9:00 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
 Michael A.L. Balboni, Trustee
 Dennis G. Trainor, Trustee

Gil Quiniones	President and Chief Executive Officer
Justin Driscoll	Executive Vice President and General Counsel
Jill Anderson	Executive Vice President and Chief Commercial Officer
Joseph Kessler	Executive Vice President and Chief Operating Officer
Robert Lurie	Executive Vice President and Chief Financial Officer
Parija Soubhagya	Senior Vice President and Chief Risk Officer
Ken Lee	Senior Vice President and Chief Information Officer
Kimberly Harriman	Senior Vice President – Public & Regulatory Affairs
Kristine Pizzo	Senior Vice President – Human Resources
Jennifer Sutton	Senior Vice President – Internal Audit
Paul Tartaglia	Senior Vice President – Technology and Innovation
Harry Francois	Regional Manager – Western New York
Karen Delince	Vice President and Corporate Secretary
Emilie Bolduc	Vice President – New York Energy Manager
John Canale	Vice President – Strategic Supply Management
Ruth Colón	Vice President – Enterprise Shared Services
Ricardo DaSilva	Vice President – Strategic Operations
Keith Hayes	Vice President – Economic Development
Joseph Leary	Vice President – Community & Government Relations
Patricia Lombardi	Vice President – Project Management
Ethan Riegelhaupt	Vice President – Corporate Communications
Kenneth Carnes	Chief Information Security Officer – Cyber Security
James Levine	Assistant General Counsel – Finance and Bonds
Susan Craig	Director – Media Relations
Brian McElroy	Treasurer
Lou Paonessa	Senior Director – Community Affairs
Stephen Ramsey	Manager – Legislative Affairs
Mary Cahill	Manager – Executive Office
Evan Kolkos	Manager – Customer Business Development
Jillian Nelson	Chief of Staff – Public and Regulatory Affairs
Lorna Johnson	Senior Associate Corporate Secretary
Sheila Baughman	Senior Assistant Corporate Secretary
Brian U. Stratton	Director – NYS Canal Corporation
Howard Goebel	Deputy Director – Engineering, Construction and Maintenance - NYS Canal Corporation
Peter Prunty	Senior Director – Infrastructure
Jaiah Gottor	Manager – Network Services – Infrastructure
Joseph Rivera	Network Architect – Infrastructure
Glenn Martinez	Senior Network Analyst – Infrastructure
Marie French	Politico

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

Introduction

Chairman Koelmel welcomed the Trustees and NYPA and Canal staff members who were present at the meeting and 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 July 25, 2017 Proposed Meeting Agenda**

Upon motion made by Vice Chairman Nicandri and seconded by Trustee McKibben, the meeting Agenda was adopted, as amended

Conflicts of Interest

The following Trustees declared conflicts of interest as indicated below and said they would not participate in the discussions or votes as it relates to those matters.

Chairman Koelmel:

- *Arcadia Energy Corporation (Item #5c-v)*

Trustee Kress:

- *Datrose, JP Morgan Securities (Item #4c-i)*
- *LaBella Associates, DPC (Item # 5c-v)*
- *Corning Incorporated, JPMorgan Chase Bank, National Association (Item #5c-v)*
- *M&T Bank Corporation (Item #5c-viii)*

Trustee Picente:

- *Briggs and Stratton, Inc. (Item #4b-i);*
- *Alder Creek Beverages, LLC (Item #5c-vi)*

Trustee Balboni:

- *Arcadis (Item #4c-i)*

Vice Chairman Nicandri and Trustees McKibben and Trainor declared no conflicts of interest.

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

Mr. Chairman, I move that the Authority and Canal Boards conduct an executive session pursuant to the Public Officers Law of the State of New York sections §105 and 108 to consult with counsel and discuss the financial and credit history of a particular corporation, and matters leading to the appointment, employment, promotion, demotion, discipline, suspension, dismissal or removal of a particular person. Upon motion made by Vice Chairman Nicandri and seconded by Trustee McKibben, the members held an Executive Session.

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

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

No votes were taken during the Executive Session.

4. CONSENT AGENDA:

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

Trustees Kress, Picente and Balboni were recused from the votes as they relate to the companies previously indicated.

a. Governance Matters:

i. Approval of the Minutes

The Minutes of the Regular Meeting held on May 2, 2017 were unanimously adopted.

b. Power Allocations:

**i. Municipal and Rural Electric Cooperative –
Industrial Economic Development Program –
Allocations to Village of Greene and City of Sherrill**

The President and Chief Executive Officer submitted the following report:

SUMMARY

The Trustees are requested to approve two allocations of hydropower, 125 kW and 800 kW, respectively, under the Municipal and Rural Electric Cooperative Industrial Economic Development Program ('IEDP') to the Village of Greene and the City of Sherrill, respectively.

BACKGROUND

The 1991 amendment to the power sales agreement between the Authority and each of the Municipal and Rural Electric Cooperative Systems set aside a block of 54 MW from the 752 MW of hydropower allocated to the systems for economic development in the systems' service territories. The total allocation was increased to 768.4 MW as a result of additional power resulting from the 2007 Niagara Project upgrade.

Power from this block can be allocated to individual systems to meet the increased electric load resulting from eligible new or expanding businesses in their service area. Recommended allocations under the IEDP are made using guidelines that were approved by the Trustees on September 23, 2008.

As of May 2017, approximately 17 MW have been allocated. The most recent allocation was awarded by the Trustees to the Village of Westfield in September 2016. The Village of Greene and the City of Sherrill have submitted an application for power under the program for the Trustees' consideration.

DISCUSSION

Village of Greene

An application has been submitted by the Village of Greene to the Authority on behalf of Brammo Inc. The company was founded in 2008 and its focus was the design, engineering, and production of electric motorcycles. In 2015, it sold the motorcycle portion of the business and now its focus is the engineering and integration of electric storage systems ('ESS'). The markets for Brammo's electric storage systems include material handling, power sports, utility vehicles, and turf maintenance equipment.

Brammo Inc. plans to renovate a 9,000 square-foot building in the Village of Greene. The purpose for the new business location is to build lithium ion battery systems close to one of its major customers, Raymond Corporation, which is already located in the Village.

The total amount of capital investment in this project is approximately \$3,000,000. This includes renovations to the building, including fire suppression and robotic welding systems. When operational, the facility will be able to produce lithium ion battery systems for use in material handling equipment.

The estimated monthly peak demand at the new facility will be 150 kW. This new business will provide 99 new jobs to the community over the next 3 years. All of these jobs will be full-time positions. Currently, Brammo Inc. is also in the process of submitting an application with the New York State Economic Development Council for \$1,000,000 in financial assistance related to this project.

NYPA IEDP guidelines classify Brammo Inc. as an eligible new business because the company qualifies as a manufacturer that is opening a new facility in the Village of Greene's service territory. Under the program, the first 100 kW allocated will be 100% hydropower; any additional kW will be 50% hydropower and 50% incremental power. This IEDP allocation award would be for 125 kW.

It is recommended that the Trustees approve an allocation of 125 kW of Municipal and Rural Electric Cooperative Industrial Economic Development Program power to the Village of Greene on behalf of Brammo Inc. For businesses with 1-100 jobs before construction, the IEDP Guidelines require that a minimum of 25 jobs per MW of allocated hydropower be attained. This allocation exceeds the aforementioned guidelines.

City of Sherrill

An application has been submitted by the City of Sherrill to the Authority on behalf of Briggs & Stratton, Inc. The company currently has a facility in Munnsville, NY that manufactures commercial mowing equipment under the brands Ferris & Snapper Pro. Lawn and garden equipment products are sold to dealers and distributors for resale throughout the United States, Canada, Europe, Australia and other countries.

Briggs & Stratton will expand its Munnsville manufacturing operation capacity to build commercial mowers by renovating more than 570,000 square-feet of an existing warehouse/manufacturing facility in Sherrill, NY. The property is owned by ONX3, Inc., with which Briggs & Stratton is negotiating the expansion and lease terms.

The total capital investment amount for this project is \$20,000,000. This includes \$10,000,000 in equipment and installation by Briggs & Stratton, plus \$10,000,000 for site renovations by ONX3, Inc. The equipment and installation budget consists of powder coat paint systems, robotic welders, assembly lines, ventilation, and interior utilities. Site revitalization includes site preparation, building/roof repairs, regulatory approvals, parking and utility costs.

Production of all commercial models will be moved to Sherrill under a phased-in approach to allow for possible production of other Briggs & Stratton product types in Munnsville. The final plans for the Munnsville operation have yet to be determined as it may also be used as a location for Briggs & Stratton suppliers. Closing the Munnsville facility is also a possibility. Briggs & Stratton has considered expansion at its current facility and its facilities located in Wauwatosa, WI, as it has the capacity for additional production.

The estimated monthly peak demand at the new facility is 1,500 kW with estimated monthly energy use of 400,000 kWh. The schedule for new jobs creation is 10 jobs in 2018 and 38 jobs in 2019 for a total of 48 jobs by the end of 2019. All jobs will be full-time positions. The allocation of additional power will help to ensure that the expansion takes place in New York State. The application for power is supported by the Empire State Development Corporation, City of Sherrill, Town of Vernon, Oneida County Industrial Development Agency, and the New York State Office of Community Renewal.

The Empire State Development Corporation ('ESD') has proposed \$1,500,000 of economic development assistance for the owner of the property. ESD has also proposed \$1,000,000 of tax credits to Briggs & Stratton through the Excelsior Jobs Program.

NYPA IEDP guidelines classify Briggs & Stratton's proposal as an eligible business because the company qualifies as a manufacturer seeking expansion of a facility in the City of Sherrill's service territory. Under the program, the first 100 kW allocated will be 100% hydropower; any additional kW will be 50% hydropower and 50% incremental power. The total IEDP allocation award is 800 kW.

It is recommended that the Trustees approve an allocation of 800 kW of Municipal and Rural Electric Cooperative Industrial Economic Development Program power to the City of Sherrill on behalf of

Briggs & Stratton, Inc. For businesses with 1-100 jobs before construction, the IEDP Guidelines require that a minimum of 25 jobs per MW of allocated hydropower be attained. This allocation exceeds the aforementioned guidelines.

RECOMMENDATION

The Vice President - Economic Development recommends that the Trustees approve the allocations of 125 kW and 800 kW, respectively, under the Municipal and Rural Electric Cooperative Industrial Economic Development Program to the Village of Greene and the City of Sherrill, in accordance with the above report.

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 adopted with Trustee Picente recused from the vote as it relates to Briggs and Stratton, Inc.

RESOLVED, That the Trustees hereby approve the allocation of 125 kW of hydropower to the Village of Greene, and 800 kW of hydropower to the City of Sherrill under the Municipal and Rural Electric Cooperative Industrial Economic Development Program as set forth in the foregoing report of the President and Chief Executive Officer; and be it further

RESOLVED, That the Vice President of Economic Development or his designee be, and hereby is, authorized to execute any and all documents necessary or desirable to effectuate this allocation, subject to the approval of the form thereof by the Executive Vice President and General Counsel; 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. **Transfer of Recharge New York Power Allocations**

The President and Chief Executive Officer submitted the following report:

"SUMMARY"

The Trustees are requested to approve the transfer of the following Recharge New York ('RNY') Power (consisting of market power and NYPA hydropower) and RNY Hydropower Power (consisting of only NYPA hydropower) allocations, subject to the conditions discussed in this report:

1. Transfer of a 786 kilowatt ('kW') RNY Power allocation from Southern Wine and Spirits of New York, Inc. to Southern Glazer's Wine and Spirits of New York, LLC in order to address organizational changes.
2. Transfer of 150 kW and 25 kW RNY Hydropower allocations from Southern Wine and Spirits of Upstate New York, Inc. to Southern Glazer's Wine and Spirits of Upstate New York, LLC in order to address organizational changes.

The Economic Development Power Allocation Board, at its July 24, 2017 meeting, approved the transfers of these allocations.

The Trustees have previously approved transfers of RNY Power and RNY Hydropower allocations in similar circumstances.

DISCUSSION

The following discussion provides the basis for the recommended transfers.

1) Southern Wine and Spirits of New York, Inc.

Southern Wine and Spirits of New York, Inc. ('SWSNY'), a New York Power Authority ('NYPA') customer with a 786 kW RNY Power allocation located in Syosset, is a state-of-the-art wine and spirits distributor, utilizing leading-edge information technology. The facility supplies the Metropolitan New York market, and provides administration and sales support services for all of the company's New York State operations.

The ownership of the business created a new limited liability company which is named Southern Glazer's Wine and Spirits of New York, LLC ('SGWSLLC'), to operate the business. The customer requests a formal transfer of the RNY Power allocation from SWSNY to SGWSLLC, which would continue to operate the business at the current facility, and take the transfer subject to the terms and commitments that have been applicable to SWSNY.

2) Southern Wine and Spirits of Upstate New York, Inc.

Southern Wine and Spirits of Upstate New York, Inc. ('SWS Upstate'), a customer with two RNY Hydropower allocations, 125 kW and 25 kW, respectively, located in Syracuse, is also a state-of-the-art wine and spirits distributor that utilizes leading-edge information technology to support its operations. The facility supplies various Upstate New York markets.

The ownership of the business created a new limited liability company, which is named Southern Glazer's Wine and Spirits of Upstate New York, LLC ('SWG Upstate LLC'). The customer requests a formal transfer of the RNY Hydropower allocations to the SWG Upstate LLC, which would continue to operate the business at the current facility, and take the transfers subject to the existing terms and commitments that have been applicable to SWS Upstate.

RECOMMENDATION

Staff recommends that the Trustees approve the transfers discussed above, subject to the following conditions: (1) there be no material reductions in the base employment levels or capital investment commitments due to the transfers as provided for above; 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 the transfer of the 786 kilowatt (“kW”) Recharge New York (“RNY”) Power allocation awarded to Southern Wine and Spirits of New York, Inc. for its use at its facility in Syosset, New York, to Southern Glazer’s Wine and Spirits of New York, LLC for its use at the same facility, as described in the foregoing report of the President and Chief Executive Officer be, and hereby is, approved subject to (i) such conditions as set forth in the foregoing report of the President Chief Executive Officer, and (ii) the terms of any contract documents prepared by the Authority to effectuate this resolution, and be it further

RESOLVED, That the transfer of the 125 kW and 25 kW RNY Hydropower allocations awarded to Southern Wine and Spirits of Upstate New York, Inc. for use at its facility in Syracuse, New York, to Southern Glazer’s Wine and Spirits of Upstate New York, LLC, as described in the foregoing report of the President and Chief Executive Officer be, and hereby is, approved subject to (i) such conditions as set forth in the foregoing report of the President Chief Executive Officer, and (ii) the terms of any contract documents prepared by the Authority to effectuate this resolution, 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.

iii. **Temporary North Country Business Incentive Program**

The President and Chief Executive Officer submitted the following report:

"SUMMARY"

In connection with the 10-year review of a settlement agreement with the Local Government Task Force ('LGTF') concerning the 2003 relicensing of the Authority's St. Lawrence-FDR Power Project, the Board of Trustees, at its meeting on March 26, 2015, approved the creation of a Temporary North Country Power Discount Program ('TNCPDP') to support reductions in the amount of local utility bills for businesses and active dairy farms in the geographical area served by Preservation Power ('PP'). At that time, the Trustees authorized up to \$10 million annually for a period of three years (\$30 million total) to support the TNCPDP ('Authorized Funds'). The Trustees also authorized funding for an economic, strategic marketing and global search study (the 'Study') for the region which has been completed by McKinsey and Company.

At its July 26, 2016 meeting, the Board of Trustees approved a proposal by staff to end the TNCPDP program and repurpose Authorized Funds to be used to support a collaborative marketing effort ('Marketing Effort') between New York Power Authority ('NYPA') and the North Country communities through the St. Lawrence County Economic Development Study Advisory Board, created in connection with the Study ('Advisory Board'), at the rate of \$2 million/year for five years (\$10 million total) commencing in 2017.*

Staff now recommends that the Trustees take the following actions as part of the Marketing Effort:

1. Authorize a new temporary business incentive program, to be known as the 'North Country Business Incentive Program,' which staff anticipates will be branded as 'North Country, Inc.' ('NC Inc.'). As described in detail below, the NC Inc. Program would be a temporary economic development initiative comprised of a monetary discount or rebate applied annually to awardees that would be funded with the Authorized Funds (the 'NC Inc. Discount' or 'Discount').
2. Approve repurposing of the Authorized Funds in a total amount of \$10 million to support the Marketing Effort, including the NC Inc. Program. The repurposed funds ('NC Inc. Program Funds') would be available for Discount awards made during an application period of up to five years. Awards would be payable over a term specified as part of the award or as provided for in a written agreement with the awardee.

BACKGROUND

On March 26, 2015, the Trustees approved an agreement ('Review Agreement') that concluded the ten-year review process with the Local Government Task Force ('LGTF') of the 2003 Relicensing Settlement Agreement ('Settlement Agreement') with the LGTF. This review process is provided for by the 2003 Settlement Agreement.

A provision in the Review Agreement resulted in the creation of the TNCPDP, which provided for the creation of a 3-year, \$10 million/year program to support reductions in the local utility bills for qualifying businesses and active dairy farms in St. Lawrence, Jefferson and Franklin counties, the geographical area served by PP. See Public Authorities Law ('PAL') §1005(13). At that time, the Trustees also authorized NYPA funding for an economic, strategic marketing and global search to support an economic development study (the 'Study') for the region which has been completed by McKinsey and Company.

* The Advisory Board is comprised of approximately 20 residents representing a cross-section of government and business, and was created to provide critical input for the Study. It remained intact upon the Study's completion, in order to assist in implementing strategies recommended in the Study.

At their July 26, 2016 meeting, the Trustees approved a proposal by staff to modify the Review Agreement to end the TNCPDP and repurpose Authorized Funds to support a Marketing Effort between the Authority and the Advisory Board. Staff's proposal was supported by the LGTF. It was the parties' view that TNCPDP funds would be better used to support opportunities where the Authority and the North Country Communities can work together to bring business, including potentially industrial operations, to the North Country.

Staff is now recommending that the Trustees approve the temporary NC Inc. Program to support implementation of the Marketing Effort. As discussed below, the NC Inc. Program would be consistent with the Study's recommendations that, among other things, the North Country focus on building and growing a targeted, advanced-materials manufacturing cluster and value added agricultural base.

DISCUSSION

1. Proposed NC Inc. Program

The NC Inc. Program would be a temporary economic development initiative consisting of a discount applied in the form of a credit or rebate – the NC Inc. Discount – paid annually to successful applicants for the purpose of reducing the cost of power for such new business. Staff is also recommending that the Trustees authorize repurposing of the Authorized Funds to be used to support NC Inc. discounts and/or other initiatives that NYPA may undertake to support the Marketing Effort.

The purpose of the NC Inc. Program is to (i) support the Marketing Effort; (ii) incentivize the development of new business operations in Jefferson, Saint Lawrence or Franklin Counties, the area served by NYPA's Preservation Power; (iii) enable NYPA to study the effectiveness of new programs and program elements in attracting business to the State; and (iv) promote the availability of NYPA power resources to private business.

An outline of the proposed NC Inc. Program is discussed below.

a. Eligibility

Under the temporary NC Inc. Program, eligible applicants would be comprised solely of private businesses unaffiliated with government ('Eligible Entities').[†]

Eligible Entities must also be eligible for, and receive an award of, Recharge New York ('RNY') Power or PP, i.e., -- establish a customer relationship with NYPA.

The eligible project area would include Jefferson, Saint Lawrence and Franklin Counties (the 'Eligible Project Area'), which aligns with the area in which PP may be allocated. See PAL §1005(13).

Eligible projects would be comprised of new business operations in the Eligible Project Area. While new projects by existing businesses would be eligible to apply, NYPA expects to give preference to companies that propose to establish a new business presence in the Eligible Project Area (collectively, 'New Business').

[†] The following are examples of entities that would not be eligible to apply for and receive a NC Inc. Discount Award: (1) retail businesses; (2) government entities; and (3) private entities, including not-for-profit corporations, created by, controlled by, or affiliated with government or a governmental entity ('government'), or whose primary role is to act on or behalf of government.

b. Target Industries

In implementing NC Inc., the Authority would target the following specific business sectors in an effort to leverage existing regional assets to support economic development in the Eligible Project Area:

- (i) Advanced manufacturing, including:
 - Businesses that produce electronic products, paper, fabricated metal products, wood products, transportation equipment, and machinery metals and materials manufacturing;
 - Businesses that use new methodologies, computer technology, cutting edge materials, automation, software, sensing and emerging capabilities, to manufacture existing and new products;
 - Businesses that manufacture products that are not currently produced in Jefferson, Saint Lawrence or Franklin Counties;
 - Businesses that would serve as suppliers to other businesses located in the Eligible Project Area or nearby areas; and
 - Businesses that represent foreign direct investment in the Eligible Project Area.
- (ii) Value-added agriculture, such as businesses that involve the use or processing of raw agricultural commodities to produce new products through cooking, packaging and other processes and large-scale commercial greenhouses.

c. Application/Evaluation Criteria

Applications would be evaluated on a competitive basis, based on criteria which staff anticipates would include the following:

- the number of jobs that would be created as a result of a NC Inc. Discount award;
- the applicant's long-term commitment to the region, as evidenced by the current and/or planned capital investment in facilities in the Eligible Project Area and the State;
- the ratio of the number of jobs to be created to the amount of PP requested;
- the quality of the jobs created, as measured by such factors as wage and benefit levels, employment security, and anticipated employment stability;
- the amount and type of capital investment that would be made in consideration of a NC Inc. Discount award;
- the growth potential of the New Business;
- the extent to which a NC Inc. Discount award would be consistent with state, regional and local economic development strategies and priorities and supported by local units of government in the Eligible Project Area;
- the positive impacts the proposed New Business would have on other businesses within the Eligible Project Area and State; and

- whether a proposed project aligns with NYPA's targeted business sectors or would offer other synergies with existing or planned businesses in the Eligible Project Area.

Eligible Entities would be expected to satisfy the following economic development impacts ('Economic Development Impacts'):

- NYPA Customer status: Receive an award of RNY Power or PP in support of the Eligible Project.
- Minimum new job creation: Twenty-five (25) permanent full-time employees.
- Minimum power demand: (1) Advanced Manufacturing: 400 kilowatts; and (2) Value Added Agricultural Business: 200 kilowatts.
- Capital Investment: A substantial capital investment to support the New Business. Examples of capital investments include the construction of new business facilities; renovation of existing facilities; purchase and construction of new infrastructure and infrastructure upgrades; and purchase of machinery, equipment, fixtures and furnishings.
- Metering: The facility at which the New Business is established must have its own utility-grade demand meter.

d. Application Process and Award of NC Inc. Discounts

NC Inc. will be a competitive program. Accordingly, NYPA may choose between Eligible Entities, and recommend awards of limited NC Inc. Program Funds to those Eligible Entities that would offer the highest and best Economic Development Impacts. Awards of NC Inc. Discounts would cease when NC Inc. Program Funds are fully committed.

At this time, staff anticipates an open application process for up to five years from August 1, 2017 to July 31, 2022, unless NC Inc. Program Funds are awarded sooner. Depending on the applications received, NC Inc. Program Funds could be awarded to just a few Eligible Entities or many.

NC Inc. Discounts would be made by the Trustees, after recommendations by Authority staff, as is the Authority's practice under other Authority programs.

Successful applicants would be awarded a Discount payable over such term as the Authority determines to be appropriate based on the specific circumstances presented by an Eligible Project up to a maximum of seven years. It is anticipated that NC Inc. Discounts would be paid annually after the close of each annual compliance period applicable to the program under which the Eligible Entity receives NYPA power. This approach would allow staff to (i) assess the awardee's compliance with agreed-upon commitments (e.g., jobs, capital investment) before an annual installment of the NC Inc. Discount award is paid, and (ii) make any necessary adjustments based on compliance considerations. The terms and conditions applicable to a NC Inc. Discount, including compliance measures, would be addressed in a NC Inc. award contract between NYPA and each awardee.

2. Repurposing of Authorized Funds to Support the NC Inc. Program

Staff proposes that the Authorized Funds be repurposed to support the Marketing Effort, including the payment of NC Inc. Discounts that would be awarded under the NC Inc. Program. The total amount of the Authorized Funds that would be repurposed for this purpose would be up to \$10 million. This authorization would not require any commitment of additional funds by NYPA.

FISCAL INFORMATION

The TNCPDP was envisioned to be funded from net margins from the market sale of power contracted to Alcoa but unused while the East Smelter was curtailed. With the extremely low wholesale power prices that persisted through much of the duration of the TNCPDP program, the offsetting revenues have not been realized and the TNCPDP was funded with NYPA's operating funds. Funding for Marketing Effort initiatives, including payment for NC Inc. discounts, would constitute charges payable by the Authority pursuant to any licenses, orders, or mandates from any agency or regulatory body having jurisdiction, and therefore constitute Operating Expenses under the General Resolution and may be paid as such from the Authority's Operating Funds. Such funding would not exceed \$10 million.

RECOMMENDATION

The Vice President – Economic Development recommends that the Trustees:

1. Approve the temporary North Country Inc. ('NC Inc.') Program to support implementation of the Marketing Effort.
2. Authorize the use of the Authorized Funds, in a total amount of up to \$10 million, to support the Marketing Effort, including payment of awarded NC Inc. discounts as described above.

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 approve the creation of a temporary discount program, to be known as the "North Country Business Incentive Program" and branded as "North Country, Inc." ("NC Inc."), as described in the foregoing report of the President and Chief Executive Officer, for the purpose of (1) supporting a collaborative marketing effort between the Authority and the North Country communities represented through the St. Lawrence County Economic Development Study Advisory Board ('Marketing Effort'); (2) incentivizing eligible businesses to establish new operations in the area served by Preservation Power; (3) enable the Authority to study the effectiveness of new programs and program elements in attracting business to the State; and (4) promote the availability of PP to eligible private business; and be it further

RESOLVED, That the Trustees authorize the use of certain Authority funds, referred to in the foregoing report of the President and Chief Executive Officer as the "Authorized Funds," in an amount up to \$10 million, to support the Marketing Effort between the Authority and the North Country communities, including the NC Inc. Program, as described in the foregoing report of the President and Chief Executive Officer; and be it further

RESOLVED, That funding for the Marketing Effort, including for payment of NC Inc. discounts, constitute charges payable by the Authority pursuant to any licenses,

orders, or mandates from any agency or regulatory body having jurisdiction, and therefore constitute Operating Expenses under the General Resolution and may be paid as such from the Authority's Operating Funds; 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 finalize 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.

c. Procurement (Services) Contracts:

**i. Procurement (Services) Contracts –
Business Units and Facilities –
Awards, Extensions and/or Additional Funding**

The President and Chief Executive Officer submitted the following report:

SUMMARY

The Trustees are requested to approve the award and funding of the multiyear procurement (services) contracts listed in Exhibit '4c i-A,' as well as the continuation and/or funding of the procurement (services) and other contracts listed in Exhibit '4c i B,' in support of projects and programs for the Authority's Business Units/Departments and Facilities. Detailed explanations of the recommended awards and extensions, including the nature of such services, the bases for the new awards if other than to the lowest-priced or 'best valued' bidders and the intended duration of such contracts, or the reasons for extension and the projected expiration dates, are set forth in the discussion below.

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 Authority's EAPs also require the Trustees' approval when the cumulative change-order value of a personal services contract exceeds \$500,000, or when the cumulative change-order value of a non-personal services, construction, equipment purchase, or non-procurement contract exceeds the greater of \$1 million or 25% of the originally approved contract amount not to exceed \$3 million.

DISCUSSION

Awards

The terms of these contracts will be more than one year; therefore, the Trustees' approval is required. Except as noted, all of these contracts contain provisions allowing the Authority to terminate the services for the Authority's convenience, without liability other than paying for acceptable services rendered to the effective date of termination. Approval is also requested for funding all contracts, which range in estimated value from \$150,000 to \$26.1 million. Except as noted, these contract awards do not obligate the Authority to a specific level of personnel resources or expenditures.

The issuance of multiyear contracts is recommended from both cost and efficiency standpoints. In many cases, reduced prices can be negotiated for these long-term contracts. Since these services are typically required on a continuous basis, it is more efficient to award long-term contracts than to rebid these services annually.

Extensions

Although the firms identified in Exhibit '4c i-B' have provided effective services, the issues or projects requiring these services have not been resolved or completed and the need exists for continuing these contracts. The Trustees' approval is required because the terms of these contracts will exceed one

year including the extension, the term of extension of these contracts will exceed one year and/or because the cumulative change-order limits will exceed the levels authorized by the EAPs in forthcoming change orders. The subject contracts contain provisions allowing the Authority to terminate the services at the Authority's convenience, without liability other than paying for acceptable services rendered to the effective date of termination. These contract extensions do not obligate the Authority to a specific level of personnel resources or expenditures.

Extension of the contracts identified in Exhibit '4c i-B' is requested for one or more of the following reasons: (1) additional time is required to complete the current contractual work scope or additional services related to the original work scope; (2) to accommodate an Authority or external regulatory agency schedule change that has delayed, reprioritized or otherwise suspended required services; (3) the original consultant is uniquely qualified to perform services and/or continue its presence and rebidding would not be practical or (4) the contractor provides a proprietary technology or specialized equipment, at reasonable negotiated rates, that the Authority needs to continue until a permanent system is put in place.

The following is a detailed summary of each recommended contract award and extension.

Contract Awards in Support of Business Units/Departments and Facilities:

Human Resources & Enterprise Shared Services ('ESS')

HR & Organizational Development - Recruiting

Due to the lack of a quorum at the March 21, 2017 meeting, approval could not be attained concerning the proposed contract with **Datrose, (Q16-6125MR; PO# TBA)** to provide for permanent staffing search services to assist the Authority in filling such projected needs. In anticipation of future staffing needs as a result of retirements, organizational changes and succession planning, as well as new energy markets and technologies, the Authority will have peak demands for hiring permanent employees to support the following areas: IT and cyber security, engineering, hydro technology, energy, audit/risk/business process review, finance/budget/accounting, human resources, knowledge management, procurement, strategy and analysis, law, communications, and public and regulatory affairs. At the March 21, 2017 meeting, proposed contracts were approved for thirteen (13) additional vendors associated with **Q16-6125MR** (including Base One Technologies Inc., Cynet Systems Inc., FS Consulting LLC, Infinity Consulting Solutions Inc., KMQ Enterprises Inc. dba Tailwind Associates, LanceSoft Inc., Michael Page International, Inc., Monroe Staffing Services, Nexus Staffing Inc., Reinhard-Madison Approach Staffing Inc. dba Madison Approach Staffing Inc., Sanford Rose Opportunities Center Inc. dba Sanford Rose Associates and Tech Center Inc., Vaco Bridgewater LLC and vTech Solution Inc.). Bid documents were developed by staff and were accessible through an (SAP) ARIBA Event. The Request for Quotations was advertised in the New York State *Contract Reporter* and noticed on the Authority's Strategic Supply Management (Procurement) website. Sixty-six (66) firms / entities were invited or requested to participate in the bidding process. Thirty-five proposals were received electronically via ARIBA and were evaluated, as further set forth in the Award Recommendation documents. Staff recommends the award of contract to Datrose, which was determined among the best qualified vendors to provide such services to the Authority. The proposal of the recommended firm was more comprehensive and demonstrated a greater capability, competency and thorough understanding of the Authority's staffing needs, including high marks for strategy and service representatives. The contract would become effective on or about April 1, 2017 for an intended term of up to five years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the total amount expected to be expended for the term of the contracts, \$1.5 million. This is an aggregate total, covering all vendors. Such contracts will be monitored for utilization levels, available approved funding and combined total expenditures. Datrose is a New York State-certified Minority-owned Business Enterprise ('MBE').

Due to the need to commence services, the contract with **Gomez and Sullivan Engineers, DPC ('GSE') (4600003316)** became effective June 1, 2017, for the initial interim award amount of \$152,000, subject to the Trustees' approval as soon as practicable, in accordance with the Authority's Guidelines for Procurement Contracts and EAPs. The contract provides for vegetation inventories for all Authority transmission rights-of-way on an 'as needed' basis. This interim award allows GSE to maximize the amount of work that can be completed during the warmer weather months. To that end, bid documents **(Q17-6137SG)** were developed by staff and were accessible through an (SAP) ARIBA Event. The Request for Quotations was advertised in the New York State *Contract Reporter* and noticed on the Authority's Strategic Supply Management (Procurement) website. Twenty-two (22) firms / entities were invited or requested to participate in the bidding process. Six (6) proposals were received electronically via ARIBA and were evaluated, as further set forth in the Award Recommendation documents. Staff recommends the award of a contract to GSE, which is technically qualified and meets the bid requirements on the basis of 'best value,' which optimizes quality, cost and efficiency among responsive and responsible offerers. The intended term of this contract is up to four years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the total aggregate amount expected to be expended for the term of the contract, \$1.5 million.

Utility Operations

Due to the need to commence services, the contract with **Ferguson Electric Construction Co. Inc. ('Ferguson') (PO# 4500287044)** became effective June 29, 2017, for the initial interim award amount of \$500,000, subject to the Trustees' approval as soon as practicable, in accordance with the Authority's Guidelines for Procurement Contracts and EAPs. The contract provides for construction services for the demolition of existing equipment and installation of new equipment in the Niagara Power Project switchyard. This work is part of the ongoing Transmission Life Extension and Modernization ('TLEM') program and includes upgrades to the 115kV, 230kV and 345kV switchyards. The Niagara Switchyard LEM is estimated to cost \$267 million and is split into two phases. This contract addresses components of Phase 1 of the Niagara Switchyard LEM, which has approved funding in the amount of \$154 million. This interim award allows Ferguson to maximize the amount of work that can be completed during the warmer weather months. Bid documents **(Q17-6145SR)** were developed by staff and were accessible through an (SAP) ARIBA Event. The Request for Quotations was advertised in the New York State *Contract Reporter* and noticed on the Authority's Strategic Supply Management (Procurement) website. Twenty-three (23) firms / entities were invited or requested to participate in the bidding process. One proposal was received electronically via ARIBA and was evaluated, as further set forth in the Award Recommendation documents. Ferguson's experience, safety record, resources and capabilities were evaluated as sufficient to perform this work. The firm met all of the requirements set for by NYPA, and has performed satisfactorily on previous NYPA projects. Staff recommends the award of a contract to Ferguson which is technically qualified, meets the bid requirements, and has performed satisfactorily on previous Authority projects. The intended term of this contract is up to three years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the total aggregate amount expected to be expended for the term of the contract, \$26,135,865. Such contracts will be monitored for utilization levels, available approved funding and combined total expenditures.

The proposed contract with **Fisher Associates ('Fisher') (N17-20115322GJ; PO# TBA)** would provide regular water monitoring, sampling and reporting as required by NYPA's Niagara State Pollutant Discharge Elimination System ('SPDES') permit (#NY0000736) with the New York State Department of Environmental Conservation. Fisher would be on site at least twice per month performing the sampling in various areas of the Niagara campus (including all thirteen (13) generators at the Robert Moses Powerhouse). Bid documents were developed by staff and were accessible through an (SAP) ARIBA Event. The Request for Quotations was advertised in the New York State *Contract Reporter* and noticed on the Authority's Strategic Supply Management (Procurement) website. Seventeen (17) firms / entities were invited or requested to participate in the bidding process. Four (4) proposals were received electronically via ARIBA and were evaluated, as further set forth in the Award Recommendation documents. Staff recommends the award of a contract to Fisher, the lowest-priced bidder, which is technically qualified and meets the bid requirements. The new contract would become effective on or

about August 1, 2017, for an intended term not to exceed four years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the total amount expected to be expended for the term of the contract, \$150,000. Such contracts will be monitored for utilization levels, available approved funding and combined total expenditures.

Due to the need to commence services, the contract with **HATCH Associates Consultants ('HAC') (PO# 4500287026)** became effective July 5, 2017, for the initial interim award amount of \$76,400, subject to the Trustee's approval as soon as practicable, in accordance with the Authority's Guidelines for Procurement Contracts and EAPs. The contract provides for architectural / engineering and design services for the Blenheim-Gilboa ('BG') Control Room Upgrades Project ('Project'). The BG Project is part of NYPA's Smart Generation & Transmission Strategic Initiative to proactively upgrade its infrastructure. This Project includes the installation of new video wall display screens with a video controller based system, two new operator consoles and a print reading table for drawings and specifications review. It is envisioned that the new video wall system technology will be standardized with other NYPA facilities planned for upgrades. This interim award allows HATCH to effectively mobilize resources to complete the work according to timelines required by NYPA. Bid documents (**Q17-6165JM**) were developed by staff and were accessible through an (SAP) ARIBA Event. The Request for Quotations was advertised in the New York State *Contract Reporter* and noticed on the Authority's Strategic Supply Management (Procurement) website. Eight (8) firms / entities were invited or requested to participate in the bidding process. Two (2) proposals were received electronically via ARIBA and were evaluated, as further set forth in the Award Recommendation documents. Staff recommends the award of a contract to HAC, which is technically qualified and meets the bid requirements on the basis of 'best value,' which optimizes quality, cost and efficiency among responsive and responsible offerers. Further, HAC has significant experience in the completion of similar projects, and can meet the schedule requirements presented by NYPA. The intended term of this contract is up to three years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the total aggregate amount expected to be expended for the term of the contract, \$240,490.

Due to the need to commence services, the contract with **HATCH Associates Consultants ('HAC') (PO# 4500287049)** became effective July 5, 2017, for the initial interim award amount of \$100,000, subject to the Trustee's approval as soon as practicable, in accordance with the Authority's Guidelines for Procurement Contracts and EAPs. The contract provides for architectural / engineering and design services for the Saint Lawrence ('STL') Control Room Upgrades Project ('Project'). The STL Project is part of NYPA's Smart Generation & Transmission Strategic Initiative to proactively upgrade its infrastructure. This Project includes the installation of new video wall display screens with a video controller based system, two new operator consoles and a print reading table for drawings and specifications review. It is envisioned that the new video wall system technology will be standardized with other NYPA facilities planned for upgrades. This interim award allows HATCH to effectively mobilize resources to complete the work according to timelines required by NYPA. Bid documents (**Q17-6166JM**) were developed by staff and were accessible through an (SAP) ARIBA Event. The Request for Quotations was advertised in the New York State *Contract Reporter* and noticed on the Authority's Strategic Supply Management (Procurement) website. Eight (8) firms / entities were invited or requested to participate in the bidding process. Two (2) proposals were received electronically via ARIBA and were evaluated, as further set forth in the Award Recommendation documents. Staff recommends the award of a contract to HAC, which is technically qualified and meets the bid requirements on the basis of 'best value,' which optimizes quality, cost and efficiency among responsive and responsible offerers. Further, HAC has significant experience in the completion of similar projects including recent work within the STL control room, and can meet the schedule requirements presented by NYPA. The intended term of this contract is up to three years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the total aggregate amount expected to be expended for the term of the contract, \$284,867. This value represents a 6% discount over the proposed stand-alone cost which is contingent upon approval of Q17-6165JM, as noted above.

The proposed contract with **Riggio Valve ('Riggio') (A17-171261JR; PO# TBA)** would provide for valve maintenance and repair services to NYPA's South East New York ('SENY') Region. Bid documents were developed by staff and were downloaded electronically from the Authority's Procurement website by 42 firms / entities, including those that may have responded to a notice in the New York State *Contract Reporter*. One proposal was received and evaluated, as further set forth in the Award Recommendation documents. Several of the potential bidders who downloaded the NYPA bid were contacted to determine why there was not more interest in submitting a bid. Responses indicated that the scope-of-work required shop related services and most potential bidders were exclusively field based repair organizations. Staff recommends the award of a contract to Riggio, which is technically qualified and meets the bid requirements. Furthermore, as the incumbent contractor, Riggio has successfully provided these services to the Authority's SENY Region plants and the firm has consistently met and often exceeds NYPA's performance and safety expectations. The contract would become effective on or about August 1, 2017, for an intended term of up to five years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the total amount expected to be expended for the term of the contract, \$5 million.

Due to the need to commence services, the contract with **HATCH Associates Consultants ('HAC') (4500286836)** became effective June 23, 2017, for the initial interim award amount of \$130,570, subject to the Trustees' approval as soon as practicable, in accordance with the Authority's Guidelines for Procurement Contracts and EAPs. The contract provides for architectural / engineering and design services for the Blenheim-Gilboa ('BG') Upper Complex Renovation/Conversion Project ('Project'). Phase 3 of the BG facility improvement project originally consisted of constructing a new training center, a back-up control room and office space for the transmission room. To reduce cost, the scope-of-work has been revised to renovate/convert or demolish existing buildings. The BG Project is part of NYPA's Smart Generation & Transmission Strategic Initiative to proactively upgrade its infrastructure. This interim award allows HAC to maximize the amount of work that can be completed during the warmer weather months. To that end, bid documents (**Q17-6181JMT**) were developed by staff and were accessible through an (SAP) ARIBA Event. The Request for Quotations was advertised in the New York State *Contract Reporter* and noticed on the Authority's Strategic Supply Management (Procurement) website. Eleven (11) firms / entities were invited or requested to participate in the bidding process. Three (3) proposals were received electronically via ARIBA and were evaluated, as further set forth in the Award Recommendation documents. Staff recommends the award of a contract to HAC, the lowest-priced bidder, which is technically qualified and meets the bid requirements. Further, HAC has significant experience in the completion of similar projects, and can meet the schedule requirements presented by NYPA. The intended term of the contract would be for a term of up to three years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the total aggregate amount expected to be expended for the term of the contract, \$662,880.

The proposed contract with **Core Environmental Consultants, Inc. ('Core') (Q17-6172JR; PO# TBA)** would provide regular water monitoring, sampling and reporting as required for NYPA's South East New York ('SENY') Regional facilities to maintain compliance with regulatory requirements (such as State Pollutant Discharge Elimination System ('SPDES' requirements)). Core will perform periodic on-site sampling at SENY Regional facilities to mitigate the risk of violating national, state or city regulatory requirements. Bid documents were developed by staff and were accessible through an (SAP) ARIBA Event. The Request for Quotations was advertised in the New York State *Contract Reporter* and noticed on the Authority's Strategic Supply Management (Procurement) website. Eleven (11) firms / entities were invited or requested to participate in the bidding process. Two (2) proposals were received electronically via ARIBA and were evaluated, as further set forth in the Award Recommendation documents. Staff recommends the award of a contract to Core, the lowest-priced bidder, which is technically qualified and meets the bid requirements. The new contract would become effective on or about October 1, 2017, for an intended term of up to five years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the total amount expected to be expended for the term of the contract, \$750,000. Such contracts will be monitored for utilization levels, available approved funding and combined total expenditures. Core is a NYS-certified Women-owned Business Enterprise.

Project and Business Development

Due to the need to commence services, the contract with **Bernier, Carr and Associates, P.C. ('BCA') (4600003322)** became effective July 1, 2017, for the initial interim award amount of \$70,000, subject to the Trustees' approval as soon as practicable, in accordance with the Authority's Guidelines for Procurement Contracts and EAPs. The contract provides for construction management and design services pertaining to relicensing at the St. Lawrence ('STL') – FDR Power Project. The license includes requirements to rehabilitate existing and build new facilities, construct habitat improvement projects and implement shoreline stabilization measures. Construction management and design services will be required for overseeing planned and anticipated recreational project construction and shoreline stabilization projects. This interim award allows for the continuation of services without interruption until a full value contract is reviewed for Trustee authorization. To that end, bid documents (**Q17-6187JR**) were developed by staff and were accessible through an (SAP) ARIBA Event. The Request for Quotations was advertised in the New York State *Contract Reporter* and noticed on the Authority's Strategic Supply Management (Procurement) website. Although twenty six (26) firms / entities are listed as having viewed the event notice on the Authority's Strategic Supply Management (Procurement) website, none of these firms / entities are listed as having been invited or requested to participate in the bidding process. One (1) proposal was received electronically via ARIBA and was evaluated, as further set forth in the Award Recommendation documents. The firm is well-known to NYPA as it has successfully won competitive bids for construction management and design services associated with relicensing implementation at STL since 2005. The company has historically represented itself professionally, fielding a competent team that is familiar with the STL municipalities and regulatory agencies. Staff recommends the award of a contract to BCA which is technically qualified and meets the bid requirements. The intended term of the contract would be for a term of up to five years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the total aggregate amount expected to be expended for the term of the contract, \$1.7 million. Such contract will be monitored for utilization levels, available approved funding and combined total expenditures.

Energy Services Implementation

The proposed contract with **TRC Engineers Inc. ('TRC') (Q17-6177LW; PO# 4500286979)** would provide for the development of a detailed technical design of a microgrid electric system for the Town of Huntington, Suffolk County, NY. In 2015, the Town of Huntington was awarded a New York State Energy Research and Development Authority ('NYSERDA') grant to perform a Stage 1 microgrid feasibility study as part of NY Prize. The Town contracted directly with TRC to perform this study. In August 2016, the Town authorized NYPA to develop a proposal, on the Town's behalf, for Stage 2 of NYSEDA's NY Prize. Given TRC's Stage 1 efforts, it is envisioned that TRC will bring project specific knowledge to the development of the Stage 2 detailed engineering design leading to a more robust and detailed project deliverable. A Letter of Intent, dated June 27, 2017, was drafted by NYPA to serve as confirmation of the Authority's intent to enter into an agreement with TRC, and this letter specifies that NYPA will assume the liability for payment of initial activities up to a maximum amount of \$150,000. Staff recommends the award of this contract on a single-source basis, since TRC has project specific knowledge concerning development of the detailed engineering design. The contract would become effective on or about August 1, 2017, for an intended term of up to two years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the total aggregate amount expected to be expended for the term of the contract, \$813,333.

Internal Audit

The proposed contract with **Dannible & McKee, LLP ('D&M') (Q17-6141JMT; PO# TBA)** would provide for the performance of customer compliance audits. NYPA has been providing low-cost power to business and non-profit groups under various Economic Development Power Programs enacted by New York State legislation. The companies applying for, and receiving this low-cost power agree to maintain and/or create jobs and to make capital investments in New York State. These customers are contractually required to report their job levels and/or capital investments to NYPA on an annual basis. If

the promised job levels and/or capital investments are not maintained, the power allocations may be reduced entirely or in proportion to the job levels and/or capital investments reported. The NYPA Strategic Supply Management team issued a Request for Proposal for the services noted through the online platform Ariba and issued a notice in the New York State *Contract Reporter*. Forty-seven (47) firms / entities viewed the event on the Authority's Strategic Supply Management website. Twenty-one (21) firms / entities were invited into the bid event in Ariba. A total of 5 firms submitted proposals which were received and evaluated as further set forth in the Award Recommendation documents. Staff recommends the award of a contract to D&M, which is technically qualified and meets the bid requirements on the basis of 'best value,' which optimizes quality, cost and efficiency among responsive and responsible offerers. Further, D&M has significant experience in the completion of similar projects and, as the incumbent contractor, have demonstrated it has the ability to deliver satisfactory services under contract to NYPA. The contract would become effective on or about August 1, 2017, for an intended term of up to five years, subject to the Trustees' approval, which is hereby requested. Approval is also requested for the total amount expected to be expended for the term of the contract, \$577,500.

Extensions and/or Additional Funding Requests:

Law

The contract with **Baker Botts, LLP ('Baker') (4500274819)** provides for legal services to represent the Authority's President and Chief Executive Officer in connection with a Grand Jury Subpoena, dated April 29, 2016, served on him by the US Attorney for the Southern District, New York regarding the development of the Competitive Power Venture's ('CPV') Valley Energy Center. The original contract, which was awarded on a single-source basis, became effective on May 17, 2016 for a term of up to one year with a total approved amount of \$350,000. One internal Change Order was issued in the amount of \$400,000 bringing total compensation limitation to \$750,000. The US Attorney has conducted depositions and has been provided numerous Authority documents regarding CPV Valley Energy Center. The Trustees are requested to ratify and approve extension of the subject contract for two years, through May 16, 2019, to continue with pending legal services with no additional funding requested.

The contract with **Fried Frank Harris Shriver & Jacobson, LLP ('Fried') (4500273466)** provides for legal services to represent the Authority in connection with a Grand Jury Subpoena, served on the Authority May 3, 2016 regarding the Authority's contract proposal Q13-5441LW and any matters regarding Competitive Power Venture's ('CPV') Valley LLC, *et al.* The subpoena was for testimony and Authority records. The original contract, which was awarded on a single-source basis, became effective on May 25, 2016 for a term of up to one year with a total approved amount of \$250,000. One internal Change Order was issued in the amount of \$500,000 bringing total compensation limitation to \$750,000. The Authority has provided the US Attorney with numerous documents and the investigation continues. The Trustees are requested to ratify and approve extension of the subject contract for two years, through May 25, 2019, to continue with pending legal services with no additional funding requested.

Energy Efficiency

At their meeting of June 30, 2009, the Trustees approved the award of contracts to five Implementation Contractors ('ICs') (Applied Energy Management, The Fulcrum Group, PB Americas (now Parsons Brinckerhoff, Inc.), RCM Technologies and Wendel Energy Services) to provide for program management and implementation services for the Authority's Governmental Customers Energy Services Program ('GCESP'), for a term of up to five years through June 30, 2014, and an aggregate total of \$300 million. The contracts, which were competitively bid, became effective on July 1, 2009. While many of the assigned projects were completed successfully, a number of other projects authorized by the Authority's Customers had projected completion dates beyond the approved contract term, specifically those associated with **Parsons Brinckerhoff, Inc. ('Parsons') (4600002135)**. At their meeting of March 25, 2014, the Trustees approved the contract term extension for Parsons through May 31, 2017. Unfortunately, due to the ICs' performance related delays, several projects authorized by the Authority's

Customers and assigned to Parsons still have estimated completion dates beyond the contract expiration date. Projects include New York Police Department One Police Plaza, and New York City Health & Hospitals' Elmhurst and Metropolitan Hospitals. The Trustees' approved funding is adequate to cover the estimated costs to complete the active project assignments. No new projects will be assigned under this contract. In order to maintain terms, conditions and pricing as originally awarded, the Trustees are requested to ratify and approve the extension of the subject contract through December 31, 2019 with no additional funding.

At their meeting of May 20, 2008, the Trustees approved the award of contracts to five Implementation Contractors ('ICs') (AECOM USA, Inc., Chu & Gassman Consulting Engineers, PC, CDM Constructors, Inc., Fulcrum Facilities Services and RCM Technologies Inc.) to provide program management and implementation services for the Authority's Governmental Customer Energy Services Program ("GCESP"), for a term of up to 5 years. The Trustees also authorized increased funding in the amount of \$750 million for the GCESP, of which up to \$700 million (aggregate) would be allocated to the approved contracts, based on contractor performance and areas of specialization. The contracts, which were competitively bid, became effective on June 1, 2008. Projects were assigned to these firms based upon project technology, size, expertise, customer feedback, and contractor performance. While many of the assigned projects were completed successfully, a number of other projects authorized by the Authority's Customers had projected completion dates beyond the approved contract term, including those associated with **RCM Technologies, Inc. ('RCM') (4600001946)**. At their meeting of March 21, 2013, the Trustees approved the contract term extension for Parsons through May 31, 2017. Unfortunately, due to the ICs' performance related delays, several projects authorized by the Authority's Customers and assigned to RCM still have estimated completion dates beyond the contract expiration date. Projects include Metro North's Bridge 23 Supply Station and Department of Sanitation of New York the Betts Avenue Boiler Upgrade. The Trustees' approved funding is adequate to cover the estimated costs to complete the active project assignments. No new projects will be assigned under this contract. In order to maintain terms, conditions and pricing as originally awarded, the Trustees are requested to ratify and approve the extension of the subject contract through December 31, 2019 with no additional funding.

At their meeting of December 18, 2012, the Trustees approved the award of contracts to nineteen Implementation Contractors ('ICs') (AKF Engineers, ARAMARK, Malcolm Pirnie/ Arcadis ('Arcadis'), The Burns Engineering, Inc. ('Burns'), CDM Constructors ('CDM'), Ecosystems / Liro Energy Group ('Eco/Liro'), EME Consulting ('EME'), Fulcrum Facilities Group ('Fulcrum'), Guth DeConzo Consulting Engineers ('Guth'), KSW Mechanical Services ('KSW'), Lizardos Engineering Associates, O'Brien & Gere, RCM Technologies ('RCM'), Savin Engineers ('Savin'), Source One, Inc., Strategic Building Solutions, STV, Inc. ('STV'), The Fulcrum Group, Wendel Energy Services ('Wendel'), and Willdan Energy Services, LLC ('Wildan')). These ICs provide a combination of services including energy auditing, engineering and design, procurement of equipment and installation services, construction management, and construction trade management for the Authority's Southeast New York ('SENY') Energy Services Program, for a term of up to 5 years through December 2017. At the same meeting, the Trustees also authorized funding in the amount of \$800 million for the Governmental Customer Energy Services Program ('GCESP'), of which up to \$750 million (aggregate) would be allocated to the approved contracts, based on contractor performance and areas of specialization. Projects authorized by the Authority's Customers and assigned to the various ICs have estimated completion dates beyond the contract expiration date. Some projects include NYC DEP Wards Island Dewatering Centrifuges – Phase 2 and 3, MTA Harbor Lights Initiative, NYC Coler Hospital Boiler Replacement, NYCT Grand Avenue Bus Depot & Central maintenance facility, LIRR Penn Station Chiller Upgrade, NYC DEP 26th Ward Centrifuge Replacement, CUNY Bronx Community College Utility Upgrade – Phase IV and V, NYC DEP North River Waste Water Treatment Plant Lighting Upgrade, Yonkers Joint Waste Water Treatment Engine Generator Replacement, and NYC Cumberland Hospital Heating System Upgrade. In order to maintain terms, conditions and pricing as originally awarded, the Trustees are requested to ratify and approve the extension of fifteen of the original nineteen ICs' subject contracts as follows:

- **Burns (4600002639), EME (4600002636), KSW (4600002628), and Willdan (4600002638)** through December 31, 2018.
- **Fulcrum (4600002631), Obrien & Gere (4600002633), RCM (4600002644), Source One, Inc. (4600002639), STV (4600002648), and Wendel (4600002637)** through December 31, 2019.
- **CDM (4600002635), Eco/Liro (4600002646), and Guth (4600002632)** through December 31, 2020.
- **Arcadis (4600002655) and Savin (4600002642)** through December 31, 2022.

The original \$750 million approved by the Trustees has been fully allocated among the ICs' contracts to support previously assigned work. However, as the projects progress among the phases of work, project estimates will be revised and therefore, additional funding will be required to support the work. Additional funding of \$300 million is required to complete current assignments among these firms supporting the SENY Energy Services Program. Approval is requested to increase the aggregate funding from \$750 million to \$1.05 billion to support existing, as well as new assignments under the SENY Energy Services Program.

Treasury

At their meeting of July 29, 2014, the Trustees ratified and approved the appointment of a pre-qualified underwriting pool of Senior Managers, Co-Managers and Selling Group members to originate, underwrite and sell the Authority's Debt Obligations for a period of 3 years. The firms in the prequalified underwriting pool were selected based on a Request for Qualifications ('RFQ') (**Q14-5577MR**) issued by the Authority on January 22, 2014. The Authority only pre-qualified these firms and has not entered into any contractual obligations with them. Firms selected to participate in finance transactions, are separately approved by the Board from this pre-qualified pool and only then does the Authority enter into what is referred to as a Bond Purchase Agreement. The pre-qualified firms are:

Senior Managers: *Bank of America Merrill Lynch, Barclays Capital Inc. with Rice Financial Products Company and Duncan-Williams, Inc. (joint proposal), Citigroup Global Markets Inc., Goldman, Sachs & Co., J.P. Morgan Securities LLC with Academy Securities and Estrada Hinojosa & Company, Inc. (joint proposal), Loop Capital Markets, LLC, Mesriow Financial, Inc. with Blaylock Beal Van LLC (joint proposal), Morgan Stanley & Co. LLC, Ramirez & Co. Inc., and Wells Fargo Bank, N.A.*

Co-Managers: *BMO Capital Markets, BNY Mellon Capital Markets, LLC, CastleOak Securities, L.P., Drexel Hamilton, LLC, M&T Securities, Inc., RBC Capital Markets, LLC, Roosevelt & Cross Incorporated, Siebert Cisneros Shank & Co., LLC (previously Siebert Brandford Shank & Co., LLC) TD Securities, LLC, and The Williams Capital Group, LP.*

Selling Group Members: *Robert W. Baird & Co., Inc., Backstrom McCarley Berry & Co., LLC, Cadwyn Point Partners LLC, Great Pacific Securities, NW Capital Markets Inc., and Stern Brothers & Co.*

NYPA does not currently anticipate any significant increase in bond issuance over the next twelve to eighteen months, with the exception of one that is already in the process. Staff recommends extension of the pre-qualification for the Senior Managers, Co-Managers and Selling Group Members noted above for one additional year, to July 29, 2018. No additional cost is anticipated, and no funds requested.

FISCAL INFORMATION

Funds required to support contract services for various Business Units/Departments and Facilities have been included in the 2017 Approved Operating or Capital Budget. Funds for subsequent years,

where applicable, will be included in the budget submittals for those years. Payment will be made from the Operating or Capital Fund, as applicable.

Funds required to support contract services for capital projects have been included as part of the approved capital expenditures for those projects and will be disbursed from the Capital Fund in accordance with the project's Capital Expenditure Authorization Request, as applicable.

RECOMMENDATION

The Senior Vice President – Operations Support Services and Chief Engineer, the Senior Vice President – Power Supply, the Senior Vice President – Human Resources and Enterprise Shared Services; the Senior Vice President – Internal Audit, the Vice President – Energy Services Implementation, the Vice President – Project Management, the Assistant General Counsel - Litigation, the Treasurer, the Regional Manager – Western New York, the Regional Manager – Northern New York, the Regional Manager – Central New York and the Regional Manager – Southeastern New York recommend that the Trustees approve the award of multiyear procurement (services) and other contracts to the companies listed in Exhibit '4c i-A' and the extension and/or funding of the procurement (services) contracts listed in Exhibit '4c i-B,' for the purposes and in the amounts discussed within the item and/or listed in the respective exhibits.

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 adopted with Trustee Kress recused from the vote as it relates to Datrose and JPMorgan Securities LLC and Trustee Balboni as it relates to Arcadis.

RESOLVED, That pursuant to the Guidelines for Procurement Contracts adopted by the Authority, the award and funding of the multiyear procurement services contracts set forth in Exhibit “4c i-A,” attached hereto, are hereby approved for the period of time indicated, in the amounts and for the purposes listed therein, as recommended in the foregoing report of the President and Chief Executive Officer; and be it further

RESOLVED, That pursuant to the Guidelines for Procurement Contracts adopted by the Authority, the contracts listed in Exhibit “4c i-B,” attached hereto, are hereby approved and extended for the period of time indicated, in the amounts and for the purposes listed therein, 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, 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. **Procurement (Services) Contracts –
Convertible Static Compensator Control System
Board Testing and Real Time Digital Simulation
Development Project – Contract Extension**

The President and Chief Executive Officer submitted the following report:

“SUMMARY

The Trustees are requested to approve a one-year contract extension with North Carolina State University, Raleigh, NC ('NCSU') to test the Convertible Static Converter ('CSC') spare control boards and develop a Real Time Digital Simulation ('RTDS') model for the CSC System ('Project'). No additional funding is required for this contract.

BACKGROUND

In accordance with the Authority's Guidelines for Procurement Contracts and Expenditure Authorization Procedures, extending a service contract beyond 12 months requires the Trustees' approval.

The existing contract, effective August 2, 2016, was awarded on a sole-source basis to NCSU for a period not-to-exceed one year and in the amount of \$233,504. A lease extension for Siemens proprietary Transient Network Analyzer ('TNA') was required in order to test the spare control boards which is the only validated analog model of the CSC also known as Flexible AC Transmission System ('FACTS'). The team at NCSU experienced delays due to equipment reference boards needing repairs before testing the Authority's control boards.

DISCUSSION

In 2001, the Authority installed the CSC at its Marcy 345 kV substation to relieve a major transmission bottleneck. The CSC has enabled increased flow of electricity on existing transmission lines and improved reliability of power delivery without the need to build new transmission lines. Due to the uniqueness of the system, accompanied with aging solid state electronics, the maintenance team, in concert with Engineering, recommended that the spare boards be tested to determine if they are still useful.

The Authority is in a lease agreement with Siemens to use the TNA which is a scaled analog equivalent model of the actual transformers, switches, and 48-pulse inverter equipment installed at the 345 kV Marcy substation in the state of New York. The Siemens TNA lease agreement states that use of the TNA is limited to Prof. Subhashish Bhattacharya and/or his designee (either NCSU staff or graduate students). Prof. Bhattacharya was involved in the original contract of the CSC, including field commissioning, and is one of the few engineers still actively working on the CSC with the Authority and, as such, has complete knowledge of the CSC system.

The spare boards have been in inventory for more than 10 years. These boards have to be tested to ensure that they are functional and are properly interfacing and communicating with the TNA system. Upon validation of the boards, they will be made available as spares should the existing control system boards fail. This will ensure continued operation of the existing system well into the future.

In addition, NCSU will develop a RTDS model to replace Siemen's analog TNA system that the Authority will own and utilize to test the control system boards for the CEC FACTS.

FISCAL INFORMATION

Payments associated with this Project will be made from the Authority's Capital Fund.

RECOMMENDATION

The Senior Vice President and Chief Engineer – Operations Support Services, the Vice President – Project Management, the Director – Research and Technology Development, the Vice President – Strategic Supply Management, the Chief Electrical Engineer, and the Project Manager recommend that the Trustees approve a one-year extension to an existing contract with North Carolina State University, Raleigh, NC for the Convertible Static Converter Control System Board Testing and the Real Time Digital Simulation Development 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, approval is hereby granted to extend the contract to North Carolina State University, Raleigh, NC, by one year, for the Convertible Static Converter Control System Board Testing and the Real Time Digital Simulation Development Project, as recommended in the foregoing report of the President and Chief Executive Officer;

<u>Contractor</u>	<u>Contract Approval</u>
North Carolina State University Raleigh, NC	One-year extension (Valid until July 31, 2018)
PO #4500275369	

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.

500MW Power Plant

iii. **Procurement (Services) Contract – 500MW Combined-Cycle Power Plant – Access and Platforms Project – Contract Award**

The President and Chief Executive Officer submitted the following report:

SUMMARY

The Trustees are requested to approve the award of a two-year contract to D'Onofrio General Contractor Corp. ('D'Onofrio') of Brooklyn, NY in the amount of \$950,000 to implement the Access and Platforms Project at the 500MW Combined-Cycle Power Plant, ('Project').

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.

DISCUSSION

The 500MW Combined-Cycle Power Plant ('500MW') was constructed without sufficient platforms to access and maintain critical plant equipment. Currently, temporary scaffolding is erected periodically to access certain equipment, which is time consuming and costly. This Project will include the removal of the temporary scaffolding and the installation of permanent platforms to access equipment which will also eliminate safety concerns from using the temporary scaffolding. A total of eight platforms will be installed at various locations of the plant to access equipment for the steam turbine, performance heaters and gas compressors.

In response to the Authority's request for proposal, advertised in the New York State *Contract Reporter* on December 20, 2016, eighty-six firms downloaded the bid documents from the New York Power Authority's website. A bid walk-down meeting was held on January 17, 2017 and three proposals were received on January 31, 2017 from the following bidders:

BIDDER	LOCATION	PROPOSAL PRICE
D'Onofrio General Contractor Corp.	Brooklyn, NY	\$950,000
Fresh Meadow Power LLC	Rockville Centre, NY	\$1,106,411
Paul J. Scariano Inc.	New Rochelle, NY	\$2,282,000

A bid clarification meeting was held with D'Onofrio on May 16, 2017 to review the approach to work, project logistics and schedule. D'Onofrio demonstrated that it has a clear understanding of the scope and is capable of completing the work in accordance with the bidding documents and project schedule. Additionally, D'Onofrio has worked with the Authority on previous projects.

The Evaluation Committee recommends awarding a two-year contract to D'Onofrio, a technically qualified and experienced bidder for the reasons stated above. D'Onofrio's bid is consistent with the fair cost estimate; the company has taken no commercial exceptions and will meet Authority's M/WBE requirements.

FISCAL INFORMATION

Payments associated with this Project will be made from the Authority's Capital Fund. A Capital Expenditure Authorization Request in the amount of \$1,817,600 has been authorized.

RECOMMENDATION

The Senior Vice President and Chief Engineer – Operations Support Services, the Vice President – Project Management, the Vice President – Engineering, the Vice President – Strategic Supply Management, and the Regional Manager – Southeast New York recommend that the Trustees approve the award of a two-year contract to D'Onofrio General Contractor Corp. of Brooklyn, NY in the amount of \$950,000 to implement the 500MW Combined-Cycle Power Plant Access and Platforms 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, approval is hereby granted to award a two-year contract to D'Onofrio General Contractor Corp. of Brooklyn, NY in the amount of \$950,000 for the 500MW Combined-Cycle Power Plant Access and Platforms Project, as recommended in the foregoing report of the President and Chief Executive Officer;

<u>Contractor</u>	<u>Contract Approval</u>
D'Onofrio General Contractor Corp. Brooklyn, NY	2-year <u>\$950,000</u>
(Q16-6130HM)	

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.

iv. **Procurement (Services) Contracts –
500MW Combined Cycle Power Plant –
Control Room Redesign Project –
Contract Extension**

The President and Chief Executive Officer submitted the following report:

SUMMARY

The Trustees are requested to approve a one-year contract extension with Ross & Baruzzini Inc. ('R&B') of St. Louis, MO, Engineer of Record for the Control Room Redesign Project ('Project') at the 500MW Combined Cycle Power Plant. No additional funding is required for this contract.

BACKGROUND

In accordance with the Authority's Guidelines for Procurement Contracts and Expenditure Authorization Procedures, non-personal services contracts involving services to be rendered for a period in excess of one year require the Trustees' approval.

Ross & Baruzzini was awarded the original contract for the 500MW Control Room Redesign Project through a competitive bidding process. The contract became effective on February 28, 2014 for a term of less than one year at a total authorized approval amount of \$371,500. Subsequently, a contract extension was presented and approved by the Trustees on January 1, 2015, to extend the term through August 31, 2017 with an increase of \$160,490, to provide additional design services and obtain the required permits from the NYC Department of Small Business Services (NYC SBS).

The scope-of-work under this contract includes redesign of the control room to bring it to current codes and standards, and upgrade the control room's functionality to optimize the layout by segregating the Shift Supervisor's office, the conference room and the kitchen areas from the main control room area.

DISCUSSION

The design work has been completed under this contract; however, the NYC SBS permit remains pending and therefore, engineer of record services are still required. This work, including the permitting process, will extend completion of the project beyond the current term of R&B's contract. R&B's support will be required for submittal review during the construction phase, which is expected to be substantially completed in early 2018. As such, a contract extension is required.

FISCAL INFORMATION

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

RECOMMENDATION

The Senior Vice President and Chief Engineer – Operations Support Services, the Vice President – Project Management, the Vice President – Engineering, the Vice President – Strategic Supply Management, the Regional Manager – South East New York, and the Project Manager recommend that the Trustees approve a one-year contract extension to Ross & Baruzzini Inc. of St. Louis, MO for the Control Room Redesign Project at the 500MW Combined Cycle 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, approval is hereby granted to extend the contract to Ross & Baruzzini Inc. of St. Louis, MO, by one year, for the 500MW Control Room Redesign Project, as recommended in the foregoing report of the President and Chief Executive Officer;

<u>Contractor</u>	<u>Contract Approval</u>
Ross & Baruzzini Inc. St. Louis, MO	One year Contract Extension
PO# 4500242542	(Valid until August 30, 2018)

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.

NIA

**v. Procurement (Services) Contract –
Niagara Power Project - Environmental, Health & Safety -
Safety Professional Support - Contract Award**

The President and Chief Executive Officer submitted the following report:

SUMMARY

The Trustees are requested to approve the award and funding of multi-year services contracts to the firms: Buffalo Environmental Consultants, Inc., Niagara Falls, NY; Occupational Safety and Environmental Associates, Inc., Orchard Park, NY; Great Lakes Environmental and Safety Consultants, Buffalo, NY, and Sienna Environmental Technologies, Buffalo, NY. The awards are to be for a term of up to five years and in an aggregate amount of \$3 million to provide Environmental, Health and Safety ('EHS') Professional Support for the Niagara Power Project ('NPP') Capital and Non-Recurring projects. Having multiple firms ensure that adequate and timely support is available depending on the Authority's needs.

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 require Trustee approval for the award of personal services contracts in excess of \$1 million if low bidder, or \$500,000 if sole-source or non-low bidder.

These services are required to maintain proper EHS support of Niagara's planned, emergent, and on-going projects and to supplement existing resources within the EHS Group in the Western Region. Services under these awards will provide for the provision of On-Call EHS staff to assist in the safe execution of the increasing number of projects, timely and accurate review of EHS-related project submittals including waste management plans, environmental permit/license applications, hazardous material identification and abatement plans, health and safety plans. These awards will also allow flexibility to select from a ready list of On-Call EHS professionals should the primary candidate be unavailable or the number of projects being executed increase to a level where an additional EHS person is required to assist in the field.

DISCUSSION

On May 2, 2017, RFP Inquiry No. Q17-6189JGM was published in the New York State *Contract Reporter* seeking EHS consultant services.

The RFP sought information on the firms' relevant experience in the power and utility industry, quality of services, hourly rate for required support personnel, successful project execution and implementation history, experience working with government entities and safety record. A total of four professional service firms submitted proposals in response to the RFP as follows:

Bidder	Pricing
1. Buffalo Environmental Consultants, Inc. ('BEC') Niagara Falls, NY	\$89.50/hr.; +3.5%/yr.
2. Great Lakes Environmental & Safety Consultants Inc. ('GLES') Buffalo, NY	\$95.00/hr.

Bidder	Pricing
3. Occupational Safety & Environmental Associates Inc. ('OSEA') Orchard Park, NY	\$90.00/hr.;+5%/yr.
4. Sienna Environmental Technologies ('SET') Buffalo, NY	\$98.00/hr.

All submittals met the evaluation criteria from a technical and qualification perspective and competitive hourly rates for the required services. The lowest-cost bidder, BEC, has been providing EHS support to the Authority since 2011 under an existing contract which expires in September 2017. All personnel submitted by BEC to perform services under this proposal have been evaluated through their past performance and have been found to be knowledgeable and of satisfactory quality. Their submitted hourly rate, including the 3.5% per year increase over the term of the contract, yields the lowest-cost overall when assuming a typical 2,080 hour work year. All remaining firms had competitive hourly rates; OSEA and SET are NYST registered MWBE firms.

With the increasing number of projects, additional EHS support may be required, and having multiple firms to draw upon provides the greatest ability for the Authority to be able to acquire the correct candidate in a timely fashion. This will also support finding a replacement candidate should the primary candidate become unavailable over the term of the contract thereby maintaining continuity of services. As such, it is recommended to award value contracts to all four firms to ensure the ability to support future projects.

An aggregate amount of \$3 million is requested for these professional services contracts. The terms of the contracts will be up to five years and will allow the Authority, in its sole discretion, to utilize or terminate services without liability other than paying for acceptable services rendered to the effective date of termination. Services will be released on an 'as needed' basis.

The new contracts would become effective on or about September 1, 2017, for a term of up to five years.

FISCAL INFORMATION

Funds required to support 2017 contract services are included in the Capital and Operating Budget. Funds for subsequent years, where applicable, will be included in the budget submittals for those years, as tasks are assigned.

RECOMMENDATION

The Senior Vice President and Chief Engineer – Operational Support Services, the Vice President – Project Management, the Vice President – Environmental Health and Safety, the Vice President – Strategic Supply Management, and the Project Manager – Western NY recommend the Trustees' approval of the award of procurement contracts for a term of up to five years, in an aggregate amount of \$3 million, to Buffalo Environmental Consultants, Inc.; Occupational Safety and Environmental Associates, Inc.; Great Lakes Environmental and Safety Consultants; and Sienna Environmental Technologies to provide professional services to the Authority's Western New York Region.

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 for the award of personal services contracts to the firms set forth below, for a term of up to five years, in an aggregate amount of \$3 million, to provide professional Environmental, Health and Safety services for the Authority's Western NY Region as recommended in the foregoing report of the President and Chief Executive Officer;

<u>Consultant</u>	<u>Contract Approval</u>
- Buffalo Environmental Consultants, Inc. (Niagara Falls, NY)	<u>\$3 million</u> (Aggregate)
- Occupational Safety and Environmental Associates, Inc. (Orchard Park, NY)	
- Great Lakes Environmental and Safety Consultants (Buffalo, NY)	
- Sienna Environmental Technologies (Buffalo, NY)	
(Q17-6189JGM)	

AND BE IT FURTHER RESOLVED, That the Chairman, the Vice Chair, 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.

d. Capital Expenditure Authorization Requests:

**i. Niagara Power Project – Robert Moses
Trash Rack Replacement Project –
Capital Expenditure Authorization Request**

The President and Chief Executive Officer submitted the following report:

SUMMARY

The Trustees are requested to approve a Capital Expenditure Authorization Request ('CEAR') in the amount of \$4,731,895 for the Robert Moses ('RM') Trash Rack Replacement Project ('Project') at the Niagara Power Project.

BACKGROUND

In accordance with the Authority's Capital Planning and Budgeting Procedures, capital expenditures in excess of \$3 million, and construction contracts exceeding one year, require the Trustees' approval.

Trash racks were part of the original RM plant design. The trash racks are critical to preventing debris from entering the turbine units, and without these racks installed, significant damage could result. The RM units have been operating with the upper and middle trash racks removed on units 3 through 12 since the mid-1990s. The panels were removed to eliminate the constant need for cleaning during the 'eel grassing season.'

In order to increase plant reliability, and to reduce the potential for significant damage to the generator units by debris and eliminate the associated forced outages, it was determined that all the trash racks be reinstalled utilizing new panels with an improved design. The improved design permits the top two trash rack panels to be pulled from the water and hung as a single assembly from the intake deck piers during the grassing season. The bottom panel would remain in position at the bottom of the slot since grass does not typically accumulate there. Prior to this redesign, the top two racks at each bay were removed completely and required significant resource hours. In addition, the new design incorporates stronger steel with structurally reinforced construction along with an upgraded corrosion resistant coating system.

DISCUSSION

The Project includes engineering design, fabrication of prototype and production trash rack panels, fabrication of a new trash rack lifting beam, and necessary modifications to the guard rails and pier noses to accommodate the improved trash rack design. The Niagara maintenance staff will remove the existing trash rack panels from the slots, receive the new panels, perform any necessary assembly, and install the new panels in the units' slots.

Initial capital funding in the amount of \$1,106,977 was previously authorized to perform preliminary engineering for fabrication of a new lifting beam and prototype trash rack panels, and to perform the modifications to the guardrails and pier noses necessary to accommodate the configuration of the new prototype trash rack panels.

In May 2017, Hohl Industrial Services, Inc. ('Hohl') was awarded a competitively bid contract in the amount of \$2,452,961 for the fabrication of the new trash racks. Hohl was selected as it has proven steel fabrication experience including having fabricated the prototype trash rack panels and lifting beam for the previous phase of this Project. Hohl's award was limited to \$305,000 pending ratification of the CEAR by the Trustees at the July 2017 meeting. The work is scheduled to be completed by the end of 2018.

The total project cost is estimated at \$4,731,895, as follows:

Preliminary Engineering/Prototype Trash Racks	\$703,513
Engineering	\$136,531
Procurement	\$2,820,915
Installation	\$617,326
Authority Indirect and Direct Expenses	<u>\$453,610</u>
TOTAL	\$4,731,895

FISCAL INFORMATION

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

RECOMMENDATION

The Senior Vice President and Chief Engineer – Operations Support Services, the Vice President – Project Management, the Regional Manager – Western New York, and the Project Manager – Western New York, recommend that the Trustees approve capital expenditures in the amount of \$4,731,895, for the Robert Moses Trash Rack Replacement Project at the Niagara 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 Authority's Capital Planning and Budgeting Procedures, capital expenditures in the amount of \$4,731,895 for the Robert Moses Trash Rack Replacement Project are hereby authorized in accordance with, and as recommended in, the foregoing report of the President and Chief Executive Officer;

<u>Capital</u>	<u>Expenditure Authorization</u>
Niagara Power Project	<u>\$4,731,895</u>
RM Trash Rack Replacement Project	

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. **500MW Combined Cycle Power Plant –
Generator Step-Up Transformer Overhaul –
Capital Expenditure Authorization Request**

The President and Chief Executive Officer submitted the following report:

SUMMARY

The Trustees are requested to authorize a Capital Expenditure Authorization Request ('CEAR') in the amount of \$9,371,600 for the installation of newly designed, upgraded and enhanced coils on each of the three generator step-up ('GSU') transformers ('Project') at the 500MW Combined Cycle Power Plant.

This CEAR supports a three-year program which began earlier this year and is expected to conclude in 2019. The total estimate for this Project is \$9,371,600 of which \$2,626,000 was previously approved as Preliminary Capital Funding for 2017.

BACKGROUND

In accordance with the Authority's Capital Planning and Budgeting Procedures, capital expenditures in excess of \$3 million require the Trustees' approval.

In April 2015, the 500MW Power Plant experienced an electrical disturbance that originated from Con Edison's electrical system. During this event, the original 7S GSU transformer experienced an electrical fault on the LV side of the transformer which caused the plant to trip offline and remain out of service as a forced outage. After initial investigation and testing of the unit, the 7S GSU transformer was replaced with the spare unit located on-site so that a more comprehensive forensic study could be conducted.

The Authority retained General Electric ('GE'), which, together with the Authority's Engineering Department, evaluated the electrical fault. It was determined that the unit had an electrical fault on the LV side due to improper design of the cooling passages around the transformer coils. This design flaw of restricted cooling passages does not meet the IEEE transformer cooling design standards. The same design flaw is common to the other GSU's on units 7A and 7B, jeopardizing the safe and reliable operation of the 500MW plant.

The Authority and GE agreed to a new design that includes installing new upgraded and enhanced coils on each of the three GSU transformers as part of a three-year program where each unit will be replaced on a sequential basis beginning in 2017 through 2019.

DISCUSSION

The scope-of-work for this project includes the design, fabrication, installation, testing, transport and delivery of new upgraded and enhanced coils in each of the three GSU transformers. In March 2016, the Trustees' approved the competitively bid contract award to GE with all work to be done at GE's off-site facility in Canada.

Preliminary funding in the amount of \$2,626,000 was previously authorized for the three-year GSU overhaul program. The scope-of-work for 2017 includes the engineering, design, supply of all materials, and fabrication for three sets of new upgraded and enhanced coils for each of the three GSU's. Transport of the Authority's 7S GSU transformer to GE's off-site facility took place in the 1st Quarter and work has started with an anticipated return in the 3rd Quarter.

A breakdown of the total Project costs are as follows;

Preliminary Funding	\$2,626,000
Procurement	\$5,430,000
Installation	\$ 839,600
Authority Indirect and Direct Expenses	<u>\$ 476,000</u>
Total	\$9,371,600

FISCAL INFORMATION

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

RECOMMENDATION

The Executive Vice President and Chief Operating Officer – Utility Operations, the Senior Vice President – Power Supply, the Regional Manager – SENY, the Operations Superintendent – SENY, the Maintenance Superintendent – SENY, and Maintenance Supervisor – SENY recommend that the Trustees approve capital expenditures in the amount of \$9,371,600 for the installation of new upgraded and enhanced coils in each of the three generator step-up transformers at the 500MW Combined Cycle 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 Authority's Capital Planning and Budgeting Procedures, the Capital Expenditure Authorization Request as indicated in the foregoing report is hereby approved in the amount of \$9,371,600, for the replacement and upgrade of the three generator step-up (“GSU”) transformers at the 500MW Combined Cycle Power Plant.

<u>Capital</u>	<u>Expenditure Authorization</u>
Generator Step-Up Transformer Overhaul	<u>\$9,371,600</u>

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.

iii. **500MW Combined-Cycle Power Plant –
Fuel Oil Yard Foam Fire Suppression System –
Capital Expenditure Authorization Request
and Contract Award**

The President and Chief Executive Officer submitted the following report:

SUMMARY

The Trustees are requested to authorize capital expenditures in the amount of \$5,665,400 to implement the Fuel Oil Yard Foam Fire Suppression System Project at the 500MW Combined-Cycle Power Plant ('Project').

The Trustees are also requested to approve the award of a competitively bid one-year contract in the amount of \$3,934,706 to Dean Energy Solutions of Hoboken, NJ in support of the Project.

BACKGROUND

The Authority's Expenditure Authorization Procedures ('EAPs') require the Trustees' approval for the award of non-personal services contracts in excess of \$3 million.

In accordance with the Authority's Capital Planning and Budgeting Procedures, capital expenditures in excess of \$3 million require Trustee approval.

DISCUSSION

The existing Fuel Oil Yard foam fire suppression system was originally designed for six tanks with a capacity of six million gallons each in one single dike area. Currently, there are only two tanks with secondary containment with a capacity of 3.2 million gallons each. The existing system is oversized and is reaching the end of its useful life. This Project will include the installation of a new standalone foam fire suppression system, sized for the capacity of the existing two tanks.

In response to the Authority's request for proposal (Q17-6144HM), advertised in the New York State *Contract Reporter* on February 15, 2017, thirty-one firms downloaded the bid documents. A bid walk-down meeting was held at the site on February 22, 2017.

Four proposals were received on April 18, 2017 from the following bidders:

BIDDER	LOCATION	PROPOSAL PRICE
Dean Energy Solutions	Hoboken, NJ	\$3,934,706
Durr Mechanical Construction	New York, NY	\$4,075,000
Paul J. Scariano Inc.	New Rochelle, NY	\$4,633,000
The Franklin Company Contractors Inc.	Flushing, NY	\$6,358,502.02

A bid clarification meeting was held with Dean Energy Solutions on June 21, 2017 to review the approach to work, project logistics and schedule. Dean Energy Solutions demonstrated that it has a clear understanding of the scope and is capable of completing the work in accordance with the bidding documents and project schedule. Additionally, Dean Energy Solutions has worked with the Authority on previous projects.

The Evaluation Committee recommends awarding a one-year contract to Dean Energy Solutions, a qualified and experienced bidder, for the reasons stated above. Dean Energy Solutions' bid is

consistent with the fair cost estimate; the company has taken no commercial exceptions and is meeting the Authority's M/WBE requirements.

Preliminary funding in the amount of \$500,000 was previously approved in order to perform preliminary engineering and allow for the interim approval of the contract award to place down payments on long-lead items for the Project. The capital expenditure authorization request is comprised of the following:

Preliminary Engineering	\$ 36,400
Procurement	\$ 341,800
Construction/Installation	\$ 4,697,400
<u>Authority Direct and Indirect Expense</u>	<u>\$ 589,800</u>
Total	\$ 5,665,400

FISCAL INFORMATION

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

RECOMMENDATION

The Senior Vice President and Chief Engineer – Operations Support Services, the Vice President – Project Management, the Vice President – Strategic Supply Management, the Project Manager and the Regional Manager – Southeast New York recommend that the Trustees approve capital expenditures in the amount of \$5,665,400 and the award of a one-year contract to Dean Energy Solutions of Hoboken, NJ in the amount of \$3,934,706 to perform the work associated with the 500 MW Combined-Cycle Power Plant Fuel Oil Yard Foam Fire Suppression System 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 Authority's Capital Planning and Budgeting Procedures, capital expenditures in the amount of \$5,665,400 are hereby authorized for the 500 MW Fuel Oil Yard Foam Fire Suppression Project at the 500MW Combined-Cycle Power Plant in accordance with, and as recommended in, the foregoing report of the President and Chief Executive Officer;

<u>Capital</u>	<u>Expenditure Authorization</u>
500MW Fuel Oil Yard Fire Suppression System	<u>\$5,665,400</u>

AND BE IT FURTHER 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 award a one-year contract to Dean Energy Solutions of Hoboken, NJ in the amount of \$3,934,706 to perform the Fuel Oil Yard Foam Fire Suppression Project at the 500 MW Combined-Cycle Power Plant, as recommended in the foregoing report of the President and Chief Executive Officer;

<u>Contractor</u>	<u>Contract Approval</u>
Dean Energy Solutions Hoboken, NJ	<u>\$3,934,706</u>
(Q17-6144HM)	

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.

iv. **Energy Commodity Risk Management and Analytics Software – Capital Expenditure Authorization Request and Contract Award**

The President and Chief Executive Officer submitted the following report:

SUMMARY

The Trustees are requested to approve a Capital Expenditure Authorization Request in the amount of \$7,615,820 for procurement, implementation and support of the Energy Commodity Risk Management and Analytics Software ('ECRM') Project. These expenditures were not included in the 2017 submitted Capital budget as the ECRM project was originally anticipated within the O&M budget. Recent refinements in the project scope enabled NYPA's Accounting Department to confirm eligibility of the project for capital treatment.

The Trustees are also requested to approve the award of a five-year contract in the amount of \$5,700,000 to Allegro Development Corporation ('Alegro') for procurement, implementation and support of the ECRM project.

An interim award to Allegro, in an amount not to exceed \$1,000,000, was made effective June 30, 2017 in accordance with the Authority's Guidelines for Procurement Contracts and Expenditure Authorization Procedures.

BACKGROUND

In accordance with the Authority's Capital Planning and Budgeting Procedures, capital expenditures in excess of \$3 million require the Trustees' approval.

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 require the Trustees' approval for the award of personal services contracts in excess of \$1 million if low bidder, or \$500,000 if sole-source, single-source or non-low bidder.

NYPA currently utilizes 1) an energy commodity risk analysis software product, acquired in 2010 called RiskSpectives, which is provided on a Software-as-a-Service ('SaaS') basis by Pace Global (A Siemens Business) and 2) a planning and forecasting software solution called Ventyx also acquired in 2010. The technological changes within the commodities risk systems had limited productivity due to general system inadequacies that necessitated manual workarounds.

An objective of the ECRM project is to improve NYPA's ability to create more detailed and precise risk forecasts, increase functionality to statistically quantify NYPA and customer energy commodity risks, measure the credit risk of counterparty transactions, track the value of hedges and collateral required, quickly respond to emergent requests both internally and externally, produce more accurate and streamlined reporting and statistics, improve productivity and decision-making capability, and reduce ongoing custom modifications of software by the vendor.

The ECRM project will replace and provide functionality to enable NYPA's management to better manage generating assets and safeguard NYPA's earnings given the uncertainties inherent in the energy commodity markets. It will enable NYPA to work with, and on behalf of, its various customers to allow more cost-effective risk-sensitive decisions to be made in connection with their respective portfolios. The new solution will also enable the Risk Management and Energy Resource Management Departments to

streamline work processes and increase the speed, frequency, responsiveness, accuracy, transparency and utilization-effectiveness of their energy commodity and credit risk related outputs.

The new system will be implemented and elaborated over successive phases. Phases 1 and 2 are the core scope of this implementation. However, the ability to scale to potentially added functionality and integrations are addressed in Phase 3. In each phase there are likely to be specific integrations with multiple NYPA systems to enable effective and efficient business processes.

Phases 1 and 2 include:

- | | |
|--|---------------------------------------|
| 1. Risk Management | 6. Hedge Deal Capture |
| 2. Risk Reporting & Analytics | 7. Fossil Forecasting |
| 3. Pricing and Reference Data Management | 8. Hedge Settlement and Accounting |
| 4. Counterparty & Contract Management | 9. Confirmation Management |
| 5. Credit Risk and Collateral Tracking | 10. Credit Risk Reporting & Analytics |
| | 11. Collateral Management |

Phase 3 includes:

1. Fuel Deal Capture, Logistics and Settlements
2. Hydro Forecasting
3. Derivative Hedge Accounting
4. Real Time and Day Ahead Optimization

DISCUSSION

The Authority solicited proposals for an ECRM under Request for Proposal ('RFP') inquiry Q17-6134RM. The RFP solicited fixed-price proposals for a complete turn-key integrated software solution to support the assessment and management of NYPA's energy commodity risk, as well as the management of various associated business work processes. The requested software solution would fully implement the recommendations of the review of NYPA's energy commodity risk program as approved by NYPA's Executive Risk Management Committee and the President and Chief Executive Officer.

RFP Q17-6134RM was advertised in the New York State Contract Reporter and posted to the Authority's Strategic Supply Management ('SSM') website on January 9, 2017 requesting proposals by February 21, 2017. Eight vendors submitted proposals: Allegro Development Corporation ('Allegro'), DCT Solutions Inc., Eka Software Solutions Pvt Ltd, GE International Inc. ('GE'), Open Access Technology International, Inc., OpenLink Financial LLC, PricewaterhouseCoopers LLP, and SAS Institute Inc. ('SAS'). The submitted proposals were evaluated by a multi-department Evaluation Team, which included representatives from ERM, Risk, IT, and SSM. Step 1 of the evaluation was a technical screen of the proposals resulting in the review of Allegro, GE, and SAS. Step 2 involved a presentation and demonstration by Allegro and GE, with SAS having withdrawn its bid due to scheduling.

An award (five-year term) to Allegro is recommended by the Evaluation Team as the demonstration presented strong industry experience, the company scored better in comparative product functionality, overall vendor capabilities, and the ability to deliver a complete integrated turn-key ECRM solution of the core requirements by Q4 2017.

The Evaluation Team did not recommend GE as it was not the lowest evaluated bidder.

The following capital expenditures are required to complete the procurement, implementation and support phases of the Project as summarized below:

Expenditure Request	2017 (Year 1)	2018 (Year 2)	2019 (Year 3)	2020 (Year 4)	2021 (Year 5)	Total (5 Years)
Procurement (Recurring)	\$ 60,000	\$ 185,000	\$ 185,000	\$ 185,000	\$ 185,000	\$ 800,000
Procurement (Non-Recurring)	\$ 2,000,016	\$ 2,768,311	\$ -	\$ -	\$ -	\$ 4,768,327
Procurement Subtotal	\$ 2,060,016	\$ 2,953,311	\$ 185,000	\$ 185,000	\$ 185,000	\$ 5,568,327
Contractor/Consulting (Recurring)			\$ 38,462	\$ 38,462	\$ 38,462	\$ 115,385
Contractor/Consulting (Non-Recurring)	\$ 205,128	\$ 243,590	\$ 166,667	\$ -	\$ -	\$ 615,385
Contractor/Consulting Subtotal	\$ 205,128	\$ 243,590	\$ 205,128	\$ 38,462	\$ 38,462	\$ 730,769
IT Labor (Recurring)	\$ -	\$ -	\$ 29,945	\$ 29,945	\$ 29,945	\$ 89,835
IT Labor (Non-Recurring)	\$ 179,505	\$ 170,440	\$ -	\$ -	\$ -	\$ 349,945
IT Labor Subtotal	\$ 179,505	\$ 170,440	\$ 29,945	\$ 29,945	\$ 29,945	\$ 439,780
BU Labor (Recurring)	\$ -	\$ -	\$ 85,714	\$ 85,714	\$ 85,714	\$ 257,143
BU Labor (Non-Recurring)	\$ 128,571	\$ 128,571	\$ -	\$ -	\$ -	\$ 257,143
BU Labor Subtotal	\$ 128,571	\$ 128,571	\$ 85,714	\$ 85,714	\$ 85,714	\$ 514,286
TOTAL	\$ 2,573,221	\$ 3,495,912	\$ 505,788	\$ 339,121	\$ 339,121	\$ 7,253,162
TOTAL w/ 5% Overhead						\$ 7,615,820

FISCAL INFORMATION

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

RECOMMENDATION

The Senior Vice President – Chief Risk Officer recommends that the Trustees approve capital expenditures in the amount of \$7,615,820 and a five-year contract in the amount of \$5,700,000 to Allegro Development Corporation for the procurement, implementation and support of the Energy Commodity Risk Management and Analytics Software 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 Authority's Expenditure Authorization Procedures, and the Authority's Capital Planning and Budgeting Procedure capital expenditures in the amount of \$7,615,820 are hereby authorized for the Energy Commodity Risk Management and Analytics Software (“ECRM”) Project as recommended in the foregoing report of the President and Chief Executive Officer;

Capital

**Energy Commodity Risk
Management and Analytics
Software**

**Expenditure
Authorization**

\$7,615,820

AND BE IT FURTHER RESOLVED, That pursuant to the Guidelines for Procurement Contracts adopted by the Authority, approval is hereby granted to award a five-year contract to Allegro Development Corporation in the amount of \$5,700,000 for the ECRM Project;

<u>Contractor</u>	<u>Contract Approval</u>
Allegro Development	<u>\$5,700,000</u>
Q17-6134RM	

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.

v. Clark Energy Center – New Emergency Energy Control Center – Capital Expenditure Authorization Request and Contract Award

The President and Chief Executive Officer submitted the following report:

SUMMARY

The Trustees are requested to authorize capital expenditures in the amount of \$18 million and ratify the award of an eighteen-month contract to LeChase Construction Services, LLC ('LeChase') of Rochester, NY, in the amount of \$12 million for the implementation of a New Emergency Energy Control Center ('EECC') for the Clark Energy Center ('CEC').

Interim funding for this contract award to LeChase was approved by the Authority's Chief Operating Officer in May, 2017.

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. Additionally, in accordance with the Authority's Expenditure Authorization Procedures, the award of non-personal services exceeding \$3 million, require Trustees' approval.

In accordance with the Authority's Capital Planning and Budgeting Procedures, capital expenditures in excess of \$3 million require the Trustees' approval.

The Authority currently owns and maintains an Energy Control Center and an existing Emergency Energy Control Center, both of which are located at the Frederick R. Clark Energy Center in Marcy, New York. The EECC serves as a backup to the primary ECC in the event that the ECC becomes or is expected to be inoperable for an extended period of time due to a natural or manmade disaster. The existing EECC is located adjacent to the CEC which is not ideal. As such, a new EECC will be constructed at the New Hartford Business Park located in Oneida County, NY, which is close enough to the CEC to facilitate rapid relocation of operating staff yet distant enough to protect the EECC from simultaneous service interruption. Implementation of this new EECC is part of the Authority's Smart Generation & Transmission Initiative.

DISCUSSION

The project scope for the new EECC includes the following: engineering and architectural design, land acquisition, construction, procurement of telecommunication equipment, and relocation of the Energy Management System from the existing EECC to the new EECC.

The Authority issued a Request for Proposal, No. Q17-6151MR, which was advertised in the NYS *Contract Reporter* on March 16, 2017. On April 28, 2017, two proposals were received as summarized in the table below. The Authority's Fair Cost Estimate for this work is \$11,282,000.

Bidders	Submitted Proposal Price	Evaluated Proposal Price
LeChase Construction Services, LLC	\$11,102,000	\$12,000,000
Charles A. Gaetano Construction Corp.	\$11,969,000	\$12,867,000

The proposals were reviewed by an Evaluation Committee comprised of staff from CEC, Engineering, Strategic Supply Management, and Project Management. Based on the bid evaluation, an

additional cost of \$898,000 was added to each of the submitted proposal prices to account for estimated costs associated with the Stormwater Pollution Prevention Plan and for construction of a new sanitary service to the site.

Based on that review, the committee concluded that LeChase submitted the low-priced and technically acceptable bid. LeChase has extensive experience in construction of this magnitude, has performed well on a recent Authority project, has demonstrated knowledge of the scope-of-work and is capable of completing this Project in accordance with the schedule. LeChase did not take any technical exceptions and all exceptions to the commercial terms and conditions have been resolved with no change to its proposed cost. LeChase's submittal in response to M/WBE goal requirements has been deemed acceptable by the Authority's Supplier Diversity Group. The contract work is expected to be substantially completed by December 2018.

Preliminary funding in the amount of \$955,000 was previously approved in order to perform engineering, land acquisition, and for interim funding approval of the contract award. This total capital expenditure authorization request is comprised of the following:

Preliminary Engineering & Land Acquisition	\$ 910,000
Detailed Engineering	\$ 315,000
Equipment Procurement	\$ 420,000
Construction/Installation	\$14,806,000
Authority Direct and Indirect Expense	<u>\$ 1,549,000</u>
Total	\$18,000,000

FISCAL INFORMATION

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

RECOMMENDATION

The Senior Vice President and Chief Engineer – Operations Support Services, the Vice President – Project Management, the Vice President – Strategic Supply Management, the Regional Manager – Transmission, and the Project Manager recommend that the Trustees authorize capital expenditures in the amount of \$18 million and ratify the award of an eighteen-month contract to LeChase Construction Services, LLC of Rochester, NY, in the amount of \$12 million for the implementation of the New Emergency Energy Control Center for the Clark Energy Center.

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 Authority's Capital Planning and Budgeting Procedures, capital expenditures in the amount of \$18 million are hereby authorized for the implementation of a new Emergency Energy Control Center for the Clark Energy Center in accordance with, and as recommended in, the foregoing report of the President and Chief Executive Officer;

<u>Capital</u>	<u>Expenditure Authorization</u>
Clark Energy Center New Emergency Energy Control Center	<u>\$18 million</u>

Value Contract # 4600003318

AND BE IT FURTHER RESOLVED, That pursuant to the Guidelines for Procurement Contracts adopted by the Authority, approval is hereby granted to award an eighteen-month contract to LeChase Construction Services, LLC in the amount of \$12 million to furnish all labor, materials, and equipment to construct a new Emergency Energy Control Center.

<u>Contractor</u>	<u>Contract Approval</u>
LeChase Construction Services, LLC. Rochester, NY	<u>\$12 million</u>

Q17-6151MR

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.

vi. **Clark Energy Center – Transmission Life Extension and Modernization Program – Protective Relay Replacement Project – Additional Capital Authorization Expenditure Request**

The President and Chief Executive Officer submitted the following report:

SUMMARY

The Trustees are requested to authorize additional capital expenditures in the amount of \$872,000 for work related to the Clark Energy Center's ('CEC') Protective Relay Replacement Project ('Project'). The total Capital Expenditure Authorization Request for this Project is \$3,501,000.

This Project is part of the Transmission Life Extension and Modernization Program and is scheduled to be completed in 2020.

BACKGROUND

In accordance with the Authority's Capital Planning and Budgeting Procedures, capital expenditures in the amount of \$2,629,000 were previously authorized by the President and Chief Executive Officer, in January 2012 for this Project.

Additional funding in the amount of \$872,000 is now requested to complete the engineering design, procurement and installation of breaker failure secondary protective relays for Breakers 3102, 3108, 3114, 3402, and 3414 at CEC.

In accordance with the Authority's Capital Planning and Budgeting Procedures, capital expenditures in excess of \$3 million require the Trustees' approval.

DISCUSSION

Replacement of breaker failure secondary protective relays for Breakers 3102, 3108, 3114, 3402, and 3414 at CEC was not originally part of this Project. However, these relays are no longer operating reliably, despite periodic testing. As such, staff recommends replacement with relays from a different manufacturer as part of this project to enhance performance and reliability.

The total capital expenditure authorization request is comprised of the following:

Previously Authorized Amount	\$ 2,629,000
Engineering/Design	\$ 210,000
Procurement	\$ 115,000
Construction/Installation	\$ 374,000
Authority Indirect and Direct Expense	<u>\$ 173,000</u>
Total	\$ 3,501,000

FISCAL INFORMATION

Payment associated with this Project will be made from the Authority's Capital Fund.

RECOMMENDATION

The Senior Vice President and Chief Engineer – Operations Support Services, the Vice President – Project Management, the Regional Manager – Transmission and the Project Manager recommend that the Trustees authorize additional capital expenditures in the amount of \$872,000 for the Clark Energy Center's Protective Relay Replacement 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 Authority's Capital Planning and Budgeting Procedures, additional capital expenditures in the amount of \$872,000 are hereby authorized for the Clark Energy Center's Protective Relay Replacement Project in accordance with, and as recommended in, the foregoing report of the President and Chief Executive Officer;

<u>Capital</u>	<u>Expenditure Authorization</u>
CEC Protective Relay Replacement	
Previous Authorization	\$ 2,629,000
Current Request	\$ 872,000
Total Amount Authorized	\$ 3,501,000

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.

e. Real Estate:

**i. City of North Tonawanda Water Gauge Lease –
North Tonawanda, County of Erie**

The President and Chief Executive Officer submitted the following report:

SUMMARY

The Trustees are requested to authorize renewal of a lease for a parcel of land located on property owned by the City of North Tonawanda ('City'), County of Erie, for use as a water gauging station.

BACKGROUND

Pursuant to an international treaty between the Authority and Ontario Power Generation ('OPG'), a series of eleven water level gauges has been installed on both the Canadian and American sides of the upper and lower Niagara River. These gauges are part of a computerized Early Warning and Operational Information System for Ice-Affected Flows ('OEWS') used by the Niagara River Control Center to identify the potential for ice stoppages or ice jams that could lead to flooding along the upper Niagara River. The Federal Energy Regulatory Commission ('FERC') mandates that the OEWS be installed and maintained in a configuration that most accurately assesses the status of ice-affected flows on a continuous basis. The original agreement for placement of the gauge on property of the City of North Tonawanda dates from the 1990's, and the parties wish to update and renew their agreement for continued use of the site.

DISCUSSION

Following discussions with the City, staff reached an agreement to continue its use of the water gauge site for a term of 5 years, with two successive 5-year options, at a monthly fee of \$400.00.

The Authority's Expenditure Authorization Procedures governing real estate require the Trustees' approval for the acquisition of lease interests in real property where the total term, including all renewal options, exceeds ten (10) years.

FISCAL INFORMATION

Funds required for the lease will come from the Authority's Capital Fund.

RECOMMENDATION

The Vice President – Enterprise Shared Services and the Regional Manager - Western New York recommend that the Trustees approve the renewal of a lease for a parcel of land located on property owned by the City of North Tonawanda.

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 provisions of Article 5, Title 1 of the Public Authorities Law, the President and Chief Executive Officer, and the Vice President – Enterprise Shared Services be, and hereby are, authorized to enter into a lease with the City of North Tonawanda for

the renewal of a lease for a parcel of land located on property owned by the City of North Tonawanda on substantially the terms set forth herein, subject to approval of lease documents by the Executive Vice President and General Counsel or his designee; and be it further

RESOLVED, That the Vice President – Enterprise Shared Services, or designee, is hereby authorized to execute any and all other agreements, papers or instruments on behalf of the Authority that may be deemed necessary or desirable to carry out the foregoing, subject to the approval by the Executive Vice President and General Counsel; 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.

ii. **Disposal of 4.8 Acres of Surplus Land –
Town of Gilboa, County of Schoharie**

The President and Chief Executive Officer submitted the following report:

SUMMARY

The Trustees are requested to authorize the conveyance of approximately 4.8 acres of unimproved surplus land located in the Town of Gilboa, Schoharie County to Paul J. Izzo and Lucille E. Izzo ('Purchasers'). The property to be conveyed is generally shown on the map attached hereto as Exhibit '4e ii-A.'

DISCUSSION

The Authority acquired title to the subject property by appropriation Map No. BG-0002, Parcel No. 15, filed on 7/23/1969, in conjunction with its construction of the Blenheim-Gilboa Power Project. The property is no longer required for operational purposes and staff has identified it as surplus. The Purchasers, who are adjoining landowners, recently contacted staff to inquire as to the possibility of acquiring the property.

Title 5-A of Article 9 of the Public Authorities Law (the 'Act') and the Authority's Guidelines for the Disposal of Real Property (the 'Guidelines') allow the Authority to dispose of surplus real property by negotiation when the fair market value of such property does not exceed \$15,000.00. The appraised value is \$15,000.00, which staff believes is reasonable given the property's location and limited development potential. The Purchasers have agreed to pay this sum. The conveyance will be carried out in accordance with the requirements of Section 2897 of the Act.

The Authority's Expenditure Authorization Procedures require Trustee approval of acquisitions or dispositions of fee or easement interests in real property where the per-parcel value exceeds \$10,000.00.

The Regional Manager of the Blenheim-Gilboa Power Project has advised that the subject property is not required for Authority operations and is surplus.

FISCAL INFORMATION

Proceeds of such disposition will be deposited into the Authority's Operating Fund.

RECOMMENDATION

The Vice President – Enterprise Shared Services and the Regional Manager – Central New York recommend that the Trustees approve the conveyance of approximately 4.8 acres of surplus land located in the Town of Gilboa, Schoharie County to Paul J. Izzo and Lucille E. Izzo.

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 provisions of
Article 5, Title 1 of the Public Authorities Law, the Authority
hereby finds and determines that the real property generally
shown on Exhibit "4e ii-A" attached hereto is surplus and**

may be transferred to Paul J. Izzo and Lucille E. Izzo for its appraised value; and be it further

RESOLVED, That the Vice President – Enterprise Shared Services, or designee, is hereby authorized to execute any and all other agreements, papers or instruments on behalf of the Authority that may be deemed necessary or desirable to carry out the foregoing, subject to the approval by the Executive Vice President and General Counsel; 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.

iii. **Grant of Access Road Easements –
Town of Waddington, County of St. Lawrence**

The President and Chief Executive Officer submitted the following report:

SUMMARY

The Trustees are requested to authorize the grant of non-exclusive access road easements over and across certain lands located in the Town of Waddington, St. Lawrence County. The proposed easements are generally shown on the maps attached hereto as Exhibit '4e iii-A' and affect approximately 6.0 acres of Authority fee-owned land.

BACKGROUND

The Authority acquired the subject property in the name of the People of the State of New York by appropriation in 1955 in support of the construction of its St. Lawrence/FDR Power Project ('SLPP'). As part of its 2007 relicensing of the SLPP, the Authority transferred title to certain properties (also shown on the attached map) to the Town. The Town now seeks to improve access to those properties.

DISCUSSION

Certain of the previously-conveyed properties are landlocked or are otherwise difficult to access. The proposed easements will enable the Town to connect those properties to public roadways, thereby facilitating possible development and enhanced recreational use. The easements will be held in common with the Authority and will be subject to the Authority's ownership rights. The easements will also contain language requiring that the Town, its agents, invitees and assigns indemnify and hold the Authority harmless for the use thereof. The combined appraised value of the easements is \$7,650.

Transfer of the easements will be at no cost to the Town. Title 5-A of Article 9 of the Public Authorities Law (the 'Act') and the Authority's Guidelines for the Disposal of Real Property (the 'Guidelines') allow the Authority, with the approval of the Trustees, to dispose of Authority property by negotiation and for less than fair market value when the transferee is a government or other public entity and the terms and conditions of the transfer require that the ownership and use of the asset will remain with the government or any other public entity. The deed of easement will include language to this effect.

As the subject property is owned by the People of the State of New York, acting by and through the Authority, the grant of easement is subject to prior review and approval by the NYS Department of Law Real Property Bureau.

FISCAL INFORMATION

There will be no fiscal impact as a result of this disposal.

RECOMMENDATION

The Vice President – Enterprise Shared Services and the Regional Manager, Northern New York recommend that the Trustees approve the grant of non-exclusive access road easements over and across certain lands located in the Town of Waddington, St. Lawrence County.

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 provisions of Article 5, Title 1 of the Public Authorities Law, the Trustees hereby authorize the grant of access road easements, to be used in common with the Authority, over and across certain lands totaling approximately 6.0 acres, in the Town of Waddington, St. Lawrence County, to the Town of Waddington for no consideration; and be it further

RESOLVED, That the Vice President – Enterprise Shared Services, or designee, is hereby authorized to execute any and all other agreements, papers or instruments on behalf of the Authority that may be deemed necessary or desirable to carry out the foregoing, subject to the approval by the Executive Vice President and General Counsel; 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.

f. Finance

i. Release of Funds in Support of the NYS Canal Corporation

The President and Chief Executive Officer submitted the following report:

"SUMMARY"

The Trustees are requested to authorize the release of up to \$41.0 million in funding to the New York State Canal Corporation ('Canal Corporation') to support the operations of the Canal Corporation through the end of calendar year 2017.

BACKGROUND

The Authority has been authorized to provide financial support for the Canal Corporation. See, e.g., Public Authorities Law § 1005-b(2). However, certain expenditures associated therewith do not constitute Capital Costs or Operating Expenses ('Operating Expenses') as defined in the Authority's General Resolution Authorizing Revenue Obligations dated February 24, 1998, as amended and supplemented ('Bond Resolution'). Expenditures for the Canal Corporation's operating purposes that do not constitute Capital Costs or Operating Expenses must satisfy the requirements of the Authority's Bond Resolution relating to the release of funds from the Trust Estate created by the Bond Resolution for lawful corporate purposes. In addition, as set forth in the Trustees' Policy Statement dated May 24, 2011, a debt service coverage ratio of 2.0 is to be used as a reference point in considering any such release of funds.

The Bond Resolution permits the Authority to withdraw monies 'free and clear of the lien and pledge created by the [Bond] Resolution' provided that (a) such withdrawals must be for a 'lawful corporate purpose as determined by the Authority,' and (b) the Authority must determine, taking into account, among other considerations, anticipated future receipt of revenues or other moneys constituting part of the Trust Estate, that the funds to be so withdrawn are not needed for (i) payment of reasonable and necessary operating expenses, (ii) an Operating Fund reserve for working capital, emergency repairs or replacements, major renewals or for retirement from service, decommissioning or disposal of facilities, (iii) payment of, or accumulation of a reserve for payment of, interest and principal on senior debt or (iv) payment of interest and principal on subordinate debt.

Under the Bond Resolution, Capital Costs (which includes capital costs related to the Canal Corporation) may be paid without satisfying the provision described above.

DISCUSSION

The Canal Corporation became a subsidiary of the Authority effective January 1, 2017. At the December 15, 2016 meeting, prior to the Canal Corporation becoming a subsidiary of the Authority, the Trustees authorized the release of up to \$14.0 million in funding to support both operating and capital expenses of the Canal Corporation for the period from January 1, 2017 to January 31, 2017. Subsequent to this authorization, the Trustees have authorized the release of up to \$37.0 million in funding to support operating expenses of the Canal Corporation for the period from February 1, 2017 to June 30, 2017 (capital expenditures for the Canal Corporation, subsequent to the transfer, do not require a release from the Trust Estate under the Bond Resolution). The Authority expects the Canal Corporation to incur operating expenses of up to \$41.0 million related to the operation of the Canal Corporation through the end of calendar year 2017. With this authorization, the Trustees will have approved a total release of \$85 million to support Canal Corporation operating expenses, the amount approved by the Board on January 31, 2017 as the Canal Corporation Operating Budget.

Staff has reviewed the effect of releasing up to an additional \$41.0 million in funding at this time on the Authority's expected financial position and reserve requirements. In accordance with the Board's

Policy Statement adopted May 24, 2011, staff calculated the impact of this funding on the Authority's debt service coverage ratio and determined that it would not fall below the 2.0 reference point level. Given the current financial condition of the Authority, its estimated future revenues, operating expenses, debt service and reserve requirements, staff is of the view that it will be feasible for the Authority to release up to \$41 million at this time.

FISCAL INFORMATION

Staff has determined that sufficient funds are available in the Operating Fund to release up to \$41.0 million in funding to support the operation of the Canal Corporation through the end of calendar year 2017. Staff has further determined that such Authority funds are not needed for any of the purposes specified in Section 503(1)(a)-(c) of the Authority's Bond Resolution. The expenses associated with the operation of the Canal Corporation for 2017 were included in the 2017 Canal Corporation Budget and the Amended 2017 Power Authority Budget that were presented and approved by the Trustees in December 2016 and January 2017, respectively.

RECOMMENDATION

The Treasurer recommends that the Trustees authorize and ratify the release of up to \$41.0 million in funding to the Canal Corporation to support the operations of the Canal Corporation through the end of calendar year 2017. The Treasurer further recommends that the Trustees affirm that such releases are feasible and advisable, that such funds are not needed for any of the purposes specified in Section 503(1)(a)-(c) of the Authority's Bond Resolution and that the release of such funds is authorized.

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

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 authorize and ratify the release of up to \$41.0 million in funding to the Canal Corporation to support operations of the Canal Corporation through the end of calendar year 2017, as discussed in the foregoing report of the President and Chief Executive Officer; and be it further

RESOLVED, That the amount of up to \$41.0 million in funding as described in the foregoing report is not needed for any of the purposes specified in Section 503(1)(a)-(c) of the Authority's General Resolution Authorizing Revenue Obligations, as amended and supplemented and providing such amount is feasible and advisable; and be it further

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

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

5. **DISCUSSION AGENDA:**

a. **Strategic Initiatives**

i. **President and Chief Executive Officer's Report – NYPA 2020 Strategy Refresh**

President Quiniones provided highlights of the Authority's performance for the month of May (Exhibit "5a i-A"). He said this presentation is a refresh of the Authority's strategy presented to the Board in 2013.

There are three themes to the strategy: Customer empowerment; Infrastructure Modernization and Resource Alignment. Based on those themes, the Authority developed six key strategic initiatives, namely, Customer Solutions, Smart Generation and Transmission, Asset Management, Workforce Planning, Process Excellence and Knowledge Management.

Customer Solutions is at the center of NYPA's strategies. Modernizing the Authority's generation and transmission system, and managing them better with their own intelligent asset management program are the two other pillars of that strategy. Underpinning them are the foundational items: Workforce Planning, Process Excellence and Knowledge Management. There are deliverables under each strategy managed by the Authority's project management office.

Below are examples of the projects that the Authority has been undertaking under the key initiatives:

Customer solutions

New York State Parks Solar Program for the "greening" of the park system

Smart Generation & Transmission

The Marcy South Series compensation smart grid project, placing smart electronic devices to push more power, using the existing transmission lines, from Utica to the Hudson Valley has been completed. By installing this smart electronic equipment, the Authority is able to transfer an additional 440 megawatts of power from upstate to downstate.

Asset Management

The Asset Cost Optimization Plan

Workforce Planning

A new Human Resource System has been installed. HR is engaged in a program to reskill the workforce in order to create an environment so that employees can reach their full potential.

Process Excellence

Procurement transformation for cost reductions.

Knowledge Management

The demographics of NYPA are changing; 35 percent of its employees will be retirement-eligible over the next five years. Knowledge transfer, retaining institutional knowledge, is very important as NYPA tries to capture its tribal knowledge. NYPA has many very experienced people and wants to make sure that the next generation of workers can use the knowledge captured in a very organized way for implementing the strategies of the Authority.

Changes in the Business Environment

Reforming the Energy Vision Strategy

There are three major goals under the REV strategy: 50 percent renewable energy by 2030; 40 percent reduction in greenhouse gases by 2030 and 23 percent improvement in energy efficiency in public buildings across the state. The Authority is working on meeting these very aggressive goals set by the Governor.

Technology

Technology is changing very rapidly, even faster than what had been anticipated in 2013. The cost of renewables, solar, wind, electric vehicle, and battery storage, have been going down at a much faster rate than anticipated. Customers are asking for cleaner energy and their preferences are changing. The Authority is taking those requests into account, as the utility industry is undergoing a very fundamental and rapid transition.

Consumer

The grid in the state, where you have a one-way flow of power from generation to customer, is changing. It is becoming multi-flow because customers are also now producers of energy. For example, they have installed solar panels on their roofs, and are injecting power back into the system. This lends itself to an intelligent way of managing this new integrated grid. This is a great opportunity for the Authority and the Authority is a leader on this new integrated grid with its New York Energy Manager. More importantly, these changes are re-enforcing the vision of the future energy system outlined in the Authority's original Strategic Plan.

President Quiniones then invited Mr. Robert Lurie, the Authority Chief Financial Officer to provide an update on the Strategic Plan and the projects staff is undertaking to implement the strategies between now and 2020.

Mr. Lurie said the Authority is thinking about how the grid is going to operate in the future:

- More efficient and responsive grid scale resources

- Seamless integration of grid scale and demand side resources
- Customers dictating grid behaviors
- Automation, predictive analytics and helping run a more complex two-way grid
- Non-wire alternatives to traditional infrastructure investments

Distributed System Platforms

This is a new operating paradigm for the Authority. The Authority's assets, and other generating assets, are going to have to be flexible in order to fill in these gaps. Transmission is going to become even more important to move power around to different parts of the state in real time to fill in these gaps.

Recasting the Authority's Customers

The Authority's customers are the center of this Plan. The Authority is thinking about how it can be closer to the customers, serve their needs and help them understand the changes that are occurring in the industry.

The Authority will be successful when its customers are successful --

- Identifying its goals with the customers' goals
- Empowering the customers to manage their own energy costs
- Managing the risk of increased choice -- becoming the customers' advisors and consultants; helping them figure out the best way that they can take advantage of these new markets and new technologies.
- Making Energy Decisions Convenient and Easy -- making it easier for the customers so that the process by which they take advantage of those opportunities and the risks that they might incur from these new choices are manageable

NYPA will lead the energy transformation in New York State and build successful long-term partnerships with its customers and have set forth the following four goal plans:

1. To be the market leader in the state for energy efficiency and renewable energy services
2. To offer the best idea for commodity or electric supply service, both lower price than the competition in the market and also helping customers manage through risk management services
3. To have the largest market share of new transmission and large-scale renewable projects in the state

Transmission is not a new business for NYPA, however, there is going to be a growth in investment in transmission in the state and NYPA wants to make sure that it is at the forefront and a leader in owning and operating some of that new transmission.

With respect to large-scale renewables, the state has a goal of getting to 50 percent renewables by 2030. That means NYPA will need a lot more large-scale renewables than it has in the state to date. NYPA would like to play a lead in role in large-scale renewables. To that end, NYPA plans to form a new business unit to help develop those projects.

4. To be the market leader in New York State for energy storage and for electric vehicle infrastructure

This will be a strategy within some of the new business units that NYPA wants to set up and fund differently than it had in the past.

This strategy is in development, but the Authority sees it as being, the leading edge of the way technology is going to be used in New York State to reduce carbon emissions, improve renewable penetration and make the grid operate more effectively. Energy storage is going to be the key to that strategy; and electric vehicles are going to, not only reduce carbon emissions, but are also going to be both a user and a storage device for energy in the grid in the future.

These goals are going to enable the Authority to become the first digital utility in the United States, and possibly beyond the United States.

NYPA Digitized

Digitization is the use of new computer technology and data analytics in order to automate processes that are currently manual and slower in order to make faster and better business decisions. NYPA plans to use all of these new technologies across the organization in order to be a digitized organization. NYPA wants to make sure that it is using data in real time across its business to better serve its customers, operate its assets and help the grid operate.

There are three parts to a digitized organization for NYPA:

1. Customer Experience - In NYPA's operations, all assets on the grid, large-scale assets including the power generators, are going to have to operate much more flexibly in response to this volatility or changing operating paradigm on the grid.
2. NYPA Operations - These digitized analytics technologies can be used to predict when NYPA's assets might be in need of maintenance even before it is apparent to the technicians. The use of sensors on NYPA's devices can predict maintenance needs in a way that reduces cost and improves reliability of those assets. NYPA's integrated smart operation center is a flagship in this area of how to digitize its operations.
3. New York System Grid Operations -- the entire grid needs to operate in a way that is going to have a much more robust, real-time energy management system that can move power around the state quickly in response to the fluctuating needs. NYPA plans to work with other partners around the state, including other utilities, the New York system Operator, academic institutions to

develop this new technology to be used on the grid, as it is the backbone of the grid with its assets as one of the key partners in that effort.

Delivery of a Customer Centric Strategic Plan

- New York Energy Manager (NYEM)
- Integrated Smart Operations Center (ISOC)
- Agile Laboratory

Each of these technologies is going to contribute to: continuing cost leadership for NYPA; helping its customers reduce their costs; the customers' success by helping them make better business decisions; and contributing to the innovation through which the grid is making the transition to this new vision. With the use of data analytics and digitization, NYPA will be providing better information to customers, improving the reliability of its own assets and providing for a much more flexible, responsive grid in the future.

Investing in Customer Value

NYPA will focus on three goal areas: Cost Leadership, Customer Success, and Innovation to develop strategies in partnership with all of its customers to develop renewable energy through analytical services and to be the number one player in helping its customers to be successful in their own businesses.

Powering the success of NYPA's customers and the State of New York by putting REV into action

The governor's REV initiative is a statewide policy initiative designed to empower customers and put them at the center of all of the industry transformation in the power industry and giving them the tools that they need to reduce their overall costs and bills and provide for a more sustainable use of energy.

NYPA plans to assist in putting that initiative into action by working with its customers and using the new technologies. Becoming the first digitized utility will give the customers the tools they need to be successful based on all of the changes associated on with REV.

NYPA is also making a concerted effort to develop new forms of revenue sharing partnerships that can help bring a broader array of services to its customers and a better array of services.

NYPA plans to accelerate that kind of collaborative effort across the state for the benefit of the customers and the state as a whole, and use the benefit of all these new technologies and ideas for the growth of the state in the future.

President Quiniones said that this is a new Plan, and acceleration and reemphasis of certain aspects of the plan to take advantage of some of the new technologies like data analytics and renewable

energy costs that are dropping dramatically. He ended by saying that at this meeting, the Authority wanted to introduce to the Board the areas of focus in the new strategy and that staff will be coming back to the Board in September to begin to present the implementation plan for the members to review.

ii. **Integrated Smart Operations Center Project –
White Plains Office – Capital Expenditure
Authorization Request and Contract Award**

The President and Chief Executive Officer submitted the following report:

SUMMARY

The Trustees are requested to authorize capital expenditures in the amount of \$14,082,200 for the design, engineering, and construction of the Integrated Smart Operations Center ('iSOC') and the 8th floor rebuild at the Authority's White Plains Office ('Project').

The Trustees are also requested to ratify the award of a competitively bid one-year contract in the amount of \$9,383,750 to Scully Construction of North White Plains, NY in support of the Project. Interim funding for construction services of the Project in the amount of \$1,750,000 was previously approved by the Chief Operating Officer in June 2017, to allow for the procurement of long lead time equipment to meet the substantial completion date of December 1, 2017.

BACKGROUND

In accordance with the Authority's Capital Planning and Budgeting Procedures, capital expenditures in excess of \$3 million require the Trustees' approval.

The Authority's Expenditure Authorization Procedures ('EAPs') require the Trustees' approval for procurement contracts involving construction services to be rendered in excess of \$3 million.

DISCUSSION

The Authority has defined two infrastructure modernization initiatives: (1) Smart Generation and Transmission and (2) Asset Management. These initiatives are intended to help integrate smart grid technologies into normal business practices including advanced sensors, local diagnostics, enhanced visualization for real-time operations, and increased condition maintenance.

To support these initiatives, the iSOC will be constructed to integrate and centralize monitoring of communication networks, physical and cyber security, asset management, information technology management and other related operational activities. The Authority will rebuild a portion of the 8th floor at the existing Authority-owned office building in White Plains, NY ('WPO') to serve as the digital foundry wherein innovative thinking and rapid exchange of information can promote a more fluid workflow. This project is scheduled to be substantially completed in 2017.

In response to the Authority's advertisement (Q17-6195MH) issued in the New York State *Contract Reporter* on May 9, 2017, thirty-one firms downloaded the bid documents. An initial bid walkthrough was held at the site on May 16, 2017 and an optional second walkthrough on May 25, 2017. Two proposals were received on June 6, 2017. A total of seven pre-bid and three post-bid addenda were issued to bidders. The bidders and lump-sum revised bid pricing are set forth below:

<u>Bidder</u>	<u>Location</u>	<u>Evaluated Bid Price</u>
Scully Construction	North White Plains, New York	\$9,383,750

<u>Bidder</u>	<u>Location</u>	<u>Evaluated Bid Price</u>
LeChase Construction	Armonk, New York	\$10,076,940

The proposals were reviewed by an Evaluation Committee consisting of Authority staff from Engineering, Strategic Supply Management, Facility Management, Information Technology, Program Controls, and Project Management. The bids were also evaluated by the Engineer of Record.

Interviews were conducted with both bidders to review their proposals; confirm their understanding of the scope of services and schedule; verification of proposed sub-contractors; personnel classifications and rates where applicable; and any remaining unknowns that could impact the final bid price. Following the interviews, post-bid addenda were issued on June 12, June 20, and June 22 to allow both bidders to address clarifications.

Both proposals are deemed technically capable to provide the services within this scope based on resourcing and significant past project experience performance at the WPO. Neither bidders have taken exception to the terms and conditions stipulated in the proposal documents. Scully Construction was selected for this construction contract as they were evaluated to be the technically qualified, low-cost bidder.

Preliminary funding in the amount of \$2,900,000 was previously approved in order to perform engineering and allow for the interim approval of the contract award for down payments on long-lead items (including video wall equipment, custom furniture, and lighting).

The capital expenditure authorization request is comprised of the following:

Engineering/Design	\$ 1,178,310
Procurement	\$ 700,790
Construction/Installation	\$ 11,165,000
Authority Direct and Indirect Expense	<u>\$ 1,038,100</u>
Total	\$ 14,082,200

FISCAL INFORMATION

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

RECOMMENDATION

The Chief Information Officer, the Senior Vice President – Operations Support Services, the Senior Vice President – Strategic Operations, the Vice President – Project Management, the Vice President – Strategic Supply Management, and the Project Manager recommend that the Trustees

authorize capital expenditures in the amount of \$14,082,200 and approve the award of a one-year contract to Scully Construction in the amount of \$9,383,750 to complete construction of the iSOC and the 8th floor rebuild at the Authority's White Plains Office.

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

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

RESOLVED, That pursuant to the Authority's Capital Planning and Budget Procedures, capital expenditures in the amount of \$14,082,200 are hereby authorized for the Integrated Smart Operations Center ("iSOC") and the 8th floor rebuild at the Authority's White Plains Office, as recommended in the foregoing report of the President and Chief Executive Officer;

<u>Capital</u>	<u>Expenditure Authorization</u>
Integrated Smart Operations Center Project	<u>\$14,082,200</u>

AND BE IT FURTHER 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 award a one-year contract to Scully construction of North White Plains, New York in the amount of \$9,383,750 to complete construction of the iSOC and the 8th floor rebuild at the Authority's White Plains Office, as recommended in the foregoing report of the President and Chief Executive Officer;

<u>Contractor</u>	<u>Contract Approval</u>
Scully Construction North White Plains, New York	<u>\$9,383,750</u>

(Q17-6195MH)

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.

iii. **Advanced Grid Innovation Lab for Energy –
Capital Expenditure Authorization Request**

The President and Chief Executive Officer submitted the following report:

SUMMARY

The Trustees are requested to authorize capital expenditures of \$20 million to allow Authority staff to undertake the initial phase of an advanced energy grid research and development lab and testing facility to be known as the Advanced Grid Innovation Laboratory for Energy ('AGILe').

This capital expenditure is the initial request. The aggregate amount to fully develop AGILe is currently estimated at \$50 million, composed of an estimated \$40 million capital investment and \$10 million in operation expenses to support AGILe for the first three years. If approved, the initial funding will be used to complete engineering and design activities, procurement of hardware and software, and site investigations. A request for approval of the \$30 million balance of the capital expenditures is anticipated to occur in December 2018 and is contingent upon the occurrence of certain events described below.

BACKGROUND

The Blueprint for Governor Cuomo's Energy Highway ('EH'), issued on October 22, 2012, outlines thirteen recommended actions in four areas that would utilize public-private partnerships to help modernize and enhance New York's aging energy infrastructure. The Blueprint specifically proposes that New York State modernize its statewide electrical energy system, and recommends development of an advanced facility to drive energy technology innovation. The EH Task Force recommended that such a facility focus on transmission research and development and smart grid applications to improve the State's transmission system operations and help introduce and commercialize new technologies.

Subsequently, the 2015 State Energy Plan included AGILe, to serve as a hub for the development of advanced grid technologies. This concept was reiterated in a March 25, 2015 press release from the Governor's office, describing AGILe as a world-class electric grid research and development laboratory that would be developed by the Authority.

Additionally, AGILe could perform a critical role in supporting the Governor's Reforming the Energy Vision ('REV') initiative – an ongoing regulatory proceeding through which the Public Service Commission ('PSC') seeks to 'transform New York's electric industry . . . with the objective of creating market-based, sustainable products and services that drive an increasingly efficient, clean, reliable, and customer-oriented industry' and to 'reorient both the electric industry and the rate-making paradigm toward a consumer-centered approach that harnesses technology and markets.'

As a result of these announcements, the Authority engaged the Electric Power Research Institute ('EPRI'), McKinsey and Co., and consulted with the NYISO, the Distribution Utilities, numerous grid tech companies, and several utility lab owners concerning the technical and business plans for the development of AGILe. Based on these efforts, staff recommends developing an independent facility, which integrates real-time operational data with real-time power system simulation equipment capable of conducting large-scale power engineering studies and testing. AGILe would be utilized to develop a simulation model of the New York Control Area electrical system.

Also, as a result of extensive outreach, the Authority, NYSERDA, LIPA, NYISO, ConEd, National Grid, RG&E, Orange and Rockland, and Central Hudson have entered into a Memorandum of Understanding ('MOU') confirming their intent to join and support AGILe and agreeing to AGILe's electric grid research topics.

This initiative will provide a setting for the Authority to pursue its own grid-related Research and Development ('R&D') to foster and collaborate on research of interest with transmission system operators, utilities, software and hardware manufacturers, government agencies and universities and to demonstrate how ongoing collaboration between academia, government and the private sectors can bring about innovative solutions to complex challenges confronting the Authority and all other participants in the State's energy sector as the grid becomes more integrated.

DISCUSSION

The NYS electric grid is changing and becoming increasingly more complex. With the growing integration of distributed energy resources, supply has become more intermittent and less predictable, with electricity no longer flowing in just one direction. There is a growing need for a more responsive grid, capable of responding in real-time. As newer technologies increasingly become part of the landscape of the electric grid, faster acquisition and processing of operational data will be required to prevent system instability and ensure reliability and delivered power quality. By simulating the impacts of expected changes to the grid, AGILE participants can better understand these impacts and design the system improvements necessary to accommodate these emerging technologies.

AGILE will be capable of performing this type of simulation, in addition to conducting research on ways to better integrate intermittent and distributed energy resources via simulations of large portions of the transmission grid. Access to real-time system data via monitoring systems would assist in this testing and research. Importantly, AGILE will play a key role in the development of the Authority's concept of the digital utility; its key components, state of the art modeling software and hardware will enhance the Authority's ability to model a single plant, a collection of plants or the entire state electric grid.

AGILE will initially focus on transmission level research, such as sensors, automation, power electronics controllers, advanced transmission applications and cyber security. However, research at AGILE has the potential to provide benefits that will be realized throughout the State's electric grid, such as reducing peak demand strains on the system, integrating intermittent resources such as wind and solar, enabling a smarter power grid, improving system reliability, and improving bulk power system control capability.

In accordance with the Authority's Capital Planning and Budgeting Procedures, capital expenditures in excess of \$3 million require Trustee approval.

At this time, staff is seeking authorization to commit up to \$50 million for AGILE, with an initial authorization to spend \$20 million, which is expected to cover:

- Procurement of initial hardware / software required to develop the simulation models at the Authority's White Plains Office.
- Continued development of a research agenda and sustainable business plan.
- Development of preliminary design documentation for a standalone lab.
- Pursuit of a suitable site in the Capital Region.

Capital funding in the amount of \$500,000 has already been approved by the President and Chief Executive Officer for preliminary engineering. Another \$500,000 in operating expenses has also been approved for initial staffing requirements.

The initial capital expenditure authorization is comprised of the following:

Preliminary Engineering	\$	636,300
Engineering/Design	\$	2,582,700
Material Procurement	\$	15,015,000
<u>Authority Direct & Indirect Expense</u>	<u>\$</u>	<u>1,227,900</u>
TOTAL	\$	19,461,900

At a later time, the Trustees will be requested to authorize funding for the balance once a sustainable business model has been developed. The additional funding would cover:

- Build-out of a facility to host the AGILe.
- Procurement of additional hardware / software required to develop more complex simulation models.
- Additional staff, including general administration, governance, operations, and maintenance for a three-year period.
- Commercial development of AGILe technology and intellectual property.

FISCAL INFORMATION

Estimated total costs for this initiative are not expected to exceed \$50 million. This includes \$40 million in capital investments for procurement of hardware / software as well as the engineering and build-out of the facility. At this time, staff anticipates the operating expenses for the first three years of operation would total approximately \$10 million.

As the MOU among AGILe participants was executed in April, 2017, this project was not adequately developed to be included in the 2017 Capital Plan. Actual expenditures for the remainder of 2017 are not expected to be substantial. This project will be included in future years' capital budgets.

Required operating expenses will be included as part of the Authority's annual budget process. Initial funding for base level staffing was approved as part of the 2017 budget.

Staff plans to pursue opportunities to mitigate the Authority's costs and develop a sustainable business model for continuing operations. This will include the investigation of possible funding from outside sources such as third-party grants and proprietary and collaborative R&D activities, as well as the commitment to socialize on-going costs.

The Authority's funding will be available for use through the first three years of operation, or until the funds have been completely committed, whichever occurs first. If, upon the occurrence of either event, a sustainable business model has not been developed through relationships with the Distribution Utilities, industry, or other governmental, academic or research organizations or evidenced other value to the Authority, the Authority will have the options of withdrawing and retaining the assets in the Authority's R&D department for the Authority's exclusive research, or considering other alternatives. Staff has determined that under the Authority's General Bond Resolution, AGILe's capital and operating costs constitute, and are expendable as, Capital Costs and Operating Expenses, respectively.

RECOMMENDATION

Staff recommends that the Trustees authorize capital expenditures in the amount of \$20 million to proceed with the initial phase of the Advanced Grid Innovation Lab for Energy.

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

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

RESOLVED, That pursuant to the Authority's Capital Planning and Budgeting Procedures, capital expenditures in the amount of \$20 million are hereby authorized for the initial phase of the Advanced Grid Innovation Lab for Energy in accordance with, and as recommended in, the foregoing report of the President and Chief Executive Officer;

<u>Capital</u>	<u>Expenditure Authorization</u>
Advanced Grid Innovation Lab for Energy	<u>\$20 million</u>

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.

iv. **New York Energy Manager - Review**

Ms. Emilie Bolduc, Vice President of the New York Energy Manager, provided a review of the New York Energy Manager. She said the New York Energy Manager is leading in illustrating Governor Cuomo's *Reforming the Energy Vision* by empowering the Authority's customers to use data and analytics to manage their facilities' energy use and reduce associated energy costs

The New York Energy Manager is currently tracking and reporting the Executive order 88 metrics showing the total energy consumption by all of the 28 state agencies and how they are performing against their baseline of the 2010-2011 line.

The New York Energy Manager currently has approximately 7,500 buildings online with a goal to have 20,000 buildings online by 2020. The 7,500 buildings include the 28 state agencies and NYPA's southeastern New York power supply customers.

New York Energy Manager Vision

With the New York Energy Manager, NYPA's aim is to be the leader in the energy transformation in NYS to build long-term, successful partnerships with its customers guided by four founding principles to:

1. make the customer successful - utilize advanced analytics and technologies through the New York Energy Manager to optimize the efficiency and productivity of NYPA's customers' facilities.
2. Empower the customers - use customers' demand and consumption to make them dispatchable distributed energy resources to the local distribution utilities and to the New York Independent System Operator (NYISO).
3. Provide data analytics to make it convenient and easy for customers to make decisions about their energy usage and manage risks.
4. Create a digital foundry, standard database or data link, to allow third-party technology and solutions providers, utilities, New York Independent System Operator, universities and research institutions to access and use the New York Energy Manager to create new products and services or "Apps" to help meet customer needs.

The Future Grid

NYPA will be leading in the implementation of the *Reforming the Energy Vision* initiative. It is expected that NYPA's customers will be rapidly adopting on-site generation such as solar and storage or combined heat and power plants as the technologies mature, and NYPA's customers will become, not just consumers of energy, but also producers. To that end, the New York Energy Manager is positioning itself to be able to aggregate, in real-time, the Authority's customers' consumption and production, become an aggregator of all its customers distributed energy resources and be able to dispatch it to the distribution

utilities and the New York Independent System Operator. In fact, NYPA is putting the customer at the center with the New York Energy Manager and helping to empower them to control their energy, their facilities and, ultimately, their productivity.

President Quiniones added that this is a radical change in the utility industry. In the past, has been constant. Now, with all of the technologies that are available, demand is no longer a constant, it is flexible; and, there is a lot of value in that flexibility, especially if you can aggregate it. For this reason, the Authority believes that digitizing its customers, and across NYPA, is critical to taking advantage that flexibility and agility.

b. Risk Management

i. Chief Risk Officer's Report

Mr. Soubhagya Parija, Chief Risk Officer, provided highlights of the Risk Management activities to the Trustees. (Exhibit "5b i-A")

2017 Risk Assessment

Risk Management completed its first annual risk assessment. This was done through a combination of surveys, meetings with the Authority's executive management team and the Chief Executive Officer.

Energy Risk Management also conducted benchmarking with other large public power organizations - more than 1800 companies in 66 countries and 33 different industries. It was determined that the Authority is tracking well in terms of the risks that it has identified and the risk mitigating strategies it has in place.

There are three categories of risks, namely:

1. Strategic risks (customer energy choices, disruptive innovation and sustained low power prices) are driven by the strategic changes that NYPA is adopting in the company and other external environment changes;
2. External risks (catastrophic events, commodity market volatility, cyber security) are risks that we cannot control but have to be prepared for; and
3. Internal risks (qualified work force, critical infrastructure failure, and workforce health and safety) are the risks that we can control.

Based on the survey and external benchmarking, staff did not find a significant difference in the risk profile on the topic of enterprise risk. The following key insights were noted:

- Reputation risk was identified as a top risk.
- Cyber Risk continues to be of concern although NYPA's cyber security posture has significantly improved.
- The Sustained Low Power Prices risk will have an impact on future decisions because energy prices continue to be low and stagnant.

Key Emerging Risks

Based on the risk assessment the following emerging risks were identified:

1. Emerging Business Model Risk -- NYPA's business model is changing. As NYPA redefines itself, internal/external factors will drive the need to critically evaluate the risks associated with new business models.
2. Third Party Risk -- As NYPA evolve so does its external relationships, level of dependencies, the importance of a holistic third-party management approach, and the kinds of relationships NYPA wants to continue to assume, going forward.
3. The Big Data Management Risk -- Managing of data is more than protecting data and gaining insights. It is also leveraging information to strengthen resiliency and meet evolving customer demands.

The Authority is responsible for protecting its data collection. NYPA needs to be mindful about monetizing that information appropriately.

Key Risk Indicators

- Hydro Flow Volumes

Higher than budgeted water flow volumes helped to offset the impact of a lower energy price market.

- Commodity Market Volatility

- The implementation of a multi-year hedging program has reduced the effect of volatility
- Enterprise Trading Risk Management (ETRM) software implemented to improve staff's analytical ability to make more optimized decisions.
- The hedging plan is to continue to capture market opportunities

- Sustained Low Power Prices

- From 2014-2016 realized prices were ~ 20% below 2014 forward price projections
- July 2017 forward price projections through 2020 remain depressed.

c. Operations & Finance

i. Financial Report

Mr. Robert Lurie provided an update of the financial report to the Trustees. He said Net income for the period ending June 2017 was \$114 million compared to the budget \$43 million (Exhibit "5c i-A").

Fixed Charge Coverage Ratio

The fixed charge coverage ratio, that is, the ratio by which NYPA's net revenues exceed its debt service and other fixed leasing charges, target is about 1.75 times our debt service; the budget for that ratio is 2.1 and actual is about 2.3. Therefore, the Authority exceeded its budget projections for fixed charge coverage ratio.

2017 Year to Date Net Income

Based on the projected year-end results, the trend over the first six months is that NYPA is operating ahead of budget. The Authority expects that to continue and to earn approximately \$174 million through the end of the year compared to budget of \$77 million.

The budgeted Net Income was \$43 million through June. The Authority also had a \$25 million positive variance in its margins from hydro generation. That is primarily due to increases in the volume of water running through NYPA's hydro plants, both at Niagara and St. Lawrence. There was also a drop in power prices, which normally has a negative effect on NYPA's income. Over the last couple of years, the Authority has been more aggressive with its hedging program and that has helped to dampen any effect of declining power prices this year.

HTP Capacity Payments

For the benefit of the new members, the Authority owns and operates a transmission line that runs under the Hudson River from New Jersey. The Authority leases it and makes payments to the owner in order to lease capacity on that line. That line, however, has been out of service due to some operating problems. When the line is out of service the Authority does not have to make payments for that capacity; those payments have decline over several months, therefore, the Authority has an underrun on its payments for the capacity on that power line and it expects this to continue through the end of the year.

Operating Expenses

Operating Expenses through June are behind budget. It is expected that much of this underrun will reverse by the end of the year.

Other Expenses

These expenses are mainly for one-time non-operating items such as the transfer of the nuclear decommissioning trust fund relating to the Fitzpatrick Nuclear Power Plant for which NYPA had an \$8 million payment associated with settling all the outstanding contracts, and other smaller items, as well.

ii. Amendment to the Terms of a Memorandum of Understanding Concerning the Temporary Transfer of Funds to the State Treasury

The President and Chief Executive Officer submitted the following report:

"SUMMARY"

The Trustees are requested to approve and/or ratify the 'Second Amendment to Memorandum of Understanding,' entered into between the Authority and the NYS Division of Budget ('DOB or 'State'), dated as of June 30, 2017 (the 'Second MOU Amendment') that would modify a Memorandum of Understanding between the State and the Authority, dated as of February 23, 2009 ('2009 MOU'), relating to a temporary intra-governmental transfer of assets from the Authority to the State (known as 'Asset A' valued at \$103 million, and 'Asset B' valued at \$215 million).

The parties previously amended the 2009 MOU, through a document entitled 'Amendment to Memorandum of Understanding,' dated as of April 24, 2014 (the 'First MOU Amendment'), pursuant to which the parties agreed to provide for a multi-year payment schedule for the return of Asset A.

As discussed in detail below, the second amendment (the 'Second MOU Amendment') would provide for a multi-year payment schedule for the return Asset B. It would also address the obligation by DOB to enter into annual cost sharing agreements with the Authority relating to recovery of State governmental costs from public authorities authorized by Title 10 of Article 9 of the Public Authorities Law ('PAL').

Copies of the 2009 MOU and the Second MOU Amendment are attached hereto as Exhibits '5c ii-A' and '5c ii-B,' respectively.

BACKGROUND

1. 2009 MOU

In light of the severe budget problems facing the State at the time, the Authority was authorized, in Chapter 2 of the Laws of 2009, as deemed feasible and advisable by the Trustees, amongst other things, to make two separate temporary asset transfers to the State in the amounts of \$103 million and \$215 million (referred to in the 2009 MOU as 'Asset A' and 'Asset B,' respectively). See 2009 MOU, p. 1 (recitals) and Appendix A.

As more specifically provided for in the 2009 MOU, the Authority agreed to transfer to the State an amount equal to Asset A (\$103 million) within 180 days of enactment of the 2009-10 State Budget, and transfer to the State an amount equal to Asset B (\$215 million) by March 27, 2009. See 2009 MOU, Article II.

The State agreed to return Asset A not later than September 30, 2014, and return Asset B not later than September 30, 2017. The MOU also contains provisions to provide for the return of Asset A and Asset B or any portion thereof prior to these dates if specified conditions are satisfied. See 2009 MOU, § 3.1, 2nd paragraph.

The State also agreed in the 2009 MOU to include in the Executive Budgets for the relevant time periods requested appropriations and other legislation relating to return of the assets in the form attached to the 2009 MOU. See 2009 MOU, § 3.1 (1st paragraph and Appendix A and Appendix B). The 2009 MOU also contains provisions relating to the nature of the State's agreement to return the Assets. See 2009 MOU, Article IV.

In February 2009, the Authority's Trustees authorized the execution of the 2009 MOU and approved the temporary asset transfer of an amount equal to Asset B (\$215 million), which transfer was completed by March 26, 2009. The Trustees also authorized the second temporary asset transfer of an amount equal to Asset A (\$103 million) to be made within 180 days of the enactment of the 2009-2010 State Budget, with the condition that the payment of this latter amount would require Trustee reaffirmation prior to the actual transfer in order to confirm that the release of such funds remains 'feasible and advisable' and in conformance with the requirements of the Authority's Bond Resolution. The second transfer was made after the Trustees provided the aforementioned reaffirmation at their July 28, 2009 meeting.

2. First MOU Amendment

In late 2013, DOB asked the Authority whether it would be amenable to revising the 2009 MOU to provide for a scheduled return of an amount equal to Asset A over a five-year period in order facilitate the State's financial planning. Authority staff agreed to this accommodation, subject to Trustee approval/ratification, and the Authority and the State acting through the Budget Director, executed the First MOU Amendment which is dated as of April 24, 2014. The Trustees subsequently approved/ratified the First MOU Amendment.

The First MOU Amendment did not modify the State's agreement to return Asset B to the Authority not later than September 30, 2017.

DISCUSSION

1. Payment Schedule for Asset B

In late 2016, DOB asked the Authority whether it would be amenable to revising the 2009 MOU again to provide for a multi-year scheduled return of an amount equal to Asset B over a six-year period. Authority staff has agreed to this accommodation, subject to Trustee approval or ratification.

To accommodate the State's financial planning, the Authority and the State, acting through the Director of the Budget, executed the Second MOU Amendment, which is dated as of June 30, 2017. Like the First MOU Amendment, the Second MOU Amendment provides that it is not effective until approved/ratified by the Trustees. See Second MOU Amendment, § 6.

Section 3.1 of the 2009 MOU, as amended by the First MOU Amendment, provides in pertinent part that the State would return Asset B no later than September 30, 2017. In accordance with the Second MOU Amendment (§1), Section 3.1 of the 2009 MOU, as amended by the First MOU Amendment, would be replaced with a new provision in which the State would agree, subject to appropriation by the State Legislature, to return Asset B to the Authority in six (6) annual installments, to be made no later than September 30th of each of the following six State Fiscal Years ('SFY') (2017-18 through 2022-23) as follows:

SFY 2017-18:	\$22,000,000
SFY 2018-19:	\$21,000,000
SFY 2019-20:	\$43,000,000
SFY 2020-21:	\$43,000,000
SFY 2021-22:	\$43,000,000
SFY 2022-23:	\$43,000,000

Revised Section 3.1 continues to provide for the return of Asset A or B or any portion thereof prior to the return dates indicated if specified conditions are satisfied. See Second MOU Amendment, ¶ 1, last text paragraph). The MOU Amendment would also modify the appropriation language that the State would agree to include in the Executive Budget to reflect the payment schedule discussed above (attached to the Second MOU Amendment as Exhibit A).

The Second MOU Amendment would not modify the payment schedule currently applicable to the return of the remaining portion of Asset A still in the State's possession, which provides that the State, subject to appropriation by the Legislature, will return the balance of Asset A no later than September 30th of each of the following fiscal years in the amounts indicated:

SFY 2017-18:	\$21,000,000
SFY 2018-19:	\$22,000,000

2. Public Authority Cost Recovery

a. Public Authorities Law

Title 10 of Article 9 of the PAL (§§2975-2977) establishes a mechanism for recovery of the State's governmental costs from public authorities and public benefit corporations ('PAs'). In summary, PAL § 2975 requires that every PA reimburse to the State an allocable share of State governmental costs attributable to the provision of services to PAs as determined pursuant to the Statute. PAL § 2975(4) provides for an exception to this obligation for a PA that enters into an agreement with DOB which otherwise addresses cost recovery, known as a cost recovery agreement ('CRA')

In connection with the 2009 MOU, the Authority and DOB also entered into a CRA pursuant to PAL § 2975(4) ('2009 CRA'). In summary, the 2009 CRA provided that the Authority would be temporarily relieved of the obligation to pay any amount under PAL § 2975 for cost recovery through September 30, 2017 – the date by which the Authority's assets would be returned in full. This original CRA expires in a few months.

DOB has advised the Authority that, based on its current analysis of PAL § 2975, it may only enter into CRAs that cover a single SFY, and therefore is not in a position to extend the 2009 CRA, or enter into a multi-year CRA, that addresses cost recovery for the Authority through SFY fiscal year 2022-23, *i.e.*, the SFY by which the Authority's assets must be returned in full under the Second MOU Amendment. DOB has instead agreed in ¶ 4 of the Second MOU Amendment to enter into annual CRAs with the Authority until such time as the Authority's assets are returned in full. Specifically, ¶ 4 provides:

The State will enter into a Cost Recovery Agreement with NYPA pursuant to subdivision 4 of Section 2975 of the Public Authorities Law ('PAL') for each fiscal year through FY 2022-23 that any portion of either Asset Transfer has not been returned to NYPA (a 'Subject Fiscal Year'). In the event that the assessment pursuant to subdivisions 2 and 3 of Section 2975 of the PAL in any such Subject Fiscal Year is less than or equal to \$5 million (the 'NYPA Asset Cost Value'), the Cost Recovery Agreement for such Subject Fiscal Year shall provide that (i) NYPA will incur and not seek reimbursement from the State for the NYPA Asset Cost Value, and (ii) NYPA will not pay any assessment, for such Subject Fiscal Year. In the event that the assessment exceeds \$5 million during any Subject Fiscal Year, the Cost Recovery Agreement shall provide that any such assessment shall be limited to the difference between the assessment and \$5 million.

The reference to \$5 million in ¶ 4 (defined as the NYPA Asset Cost Value) reflects an agreed-upon value stemming from the original 2009 MOU representing the Authority's annual opportunity costs the Authority has incurred while the State continues to hold some portion of Asset A and Asset B.

b. 2017-18 CRA

The Authority and DOB have entered into a CRA for SFY 2017-2018 in accordance with ¶ 4 of the Second MOU Amendment quoted above. DOB has valued the Authority's cost assessment for SFY 2017-18 at \$5 million, meaning that the Authority will not incur an assessment under PAL § 2975 for SFY 2017-18.

FISCAL INFORMATION

Based upon the Authority's financial plan projections, it is staff's determination that the State's repayment of Asset B (\$215,000,000) in installment payments by September 30th of each year 2017-2022, as contemplated by the Second MOU Amendment, do not adversely affect the Authority's capability of meeting its obligations with respect to its debt service payments or operating and capital program funding.

RECOMMENDATION

The Executive Vice President and Chief Financial Officer recommends that the Trustees ratify the Second Amending MOU between the State and the Authority that provides for (1) a specific repayment plan for the return of Asset B which has a value of \$215 million, and (2) an obligation on the part of the State to enter into a CRA with the Authority for each fiscal year through SFY 2022-23 that any portion of either Asset Transfer has not been returned to the Authority in accordance with the terms provided for in ¶4 of the Second MOU Amendment.

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

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 and ratify the "Second Amendment to Memorandum of Understanding," dated as of June 30, 2017, which provides for, among other things, a revised schedule for the State's return of the Authority's \$215 million temporary asset transfer approved by the Trustees in 2009, as recommended in the foregoing report of the President and Chief Executive Officer; and be it further

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

iii. Utility Operations Report

Mr. Joseph Kessler provided an update of the Utility Operations' activities for the month of March to the Trustees (Exhibit "5c iii-A").

Performance Measures

Utility Operations' performance for the reporting period exceeded expectations.

Generation Market Readiness

Generation market readiness is a measure used at the Power Authority for commercial availability.

- Generation Market Readiness factor for the month of June was at 99.89%. This is above the target of 99.40%.
- Year-to-date Generation Market Readiness factor was at 99.91%, which is above the annual target of 99.40%.

Transmission reliability

- Transmission reliability factor for the month of June was 99.84%. This is above the monthly target of 99.62%.
- Year-to-date transmission reliability is 96.54% and this is above the target of 95.51%.

Environmental Incidents

Environmental incidents are occurrences that the Authority has to report to the DEC and other agencies

- There were 3 reportable environmental incidents for the month of June.
- Year-to-date, there were 9 reportable incidents. The Annual Target is not to exceed 32 incidents.

Safety

DART (Days Away, Restricted or Transferred) is the Authority's safety metrics.

- There were no DART injuries reported for the month of June. This is above the monthly target of 0.72.
- Year to date, six injuries occurred that resulted in lost time and met the DART criteria.
- The year-to-date DART Rate is 0.69. The target is 0.78.

Summer Preparedness

- Utility Operations has evaluated Preventative Maintenance activities, equipment status, outage schedules etc. and verified its summer preparedness.

- Company-wide, summer-preparedness review sessions were conducted with key stakeholders. This entailed some of the Authority's emergency management preparedness processes, and conducting drills to make sure that the Authority is prepared for any incident that may occur.
- Review and update existing NYPA and NYS Canal Corporation emergency management plans and procedures to ensure a comprehensive emergency preparedness program is in effect.

Canal Corporation - Update

- YTD O&M spend is on target; the Capital budget spend is underrunning but is expected to be on schedule this Fall
- Initial estimate of 2018 to 2022 capital spending is significant as asset conditions and significant risks are better understood
- Many new Safe and Secure initiatives are underway, including asset and work management, vessel replacement, yard clean-up, and vegetation management
- Higher precipitation levels have resulted in corresponding Canal closures which were managed effectively
- New navigation season was implemented successfully and will reduce long-run costs.
- Still working through significant Civil Services challenges to stand up permanent staff
- Transitional Service Agreement Exit Plans – 23 out of 42 have been exited to date and the remaining services are on track to exit in line with agreed plans.

iv. **Commercial Operations Report**

Ms. Jill Anderson provided an update of Commercial Operations' activities to the Trustees (Exhibit "5c iv-A").

WHOLESALE

○ Customer usage

Customer usage for this reporting period is down compared to budget. This is due to the milder weather this year than had been foreseen. Since NYPA is promoting energy efficiency, this result is beneficial for its customers.

○ Generation

Generation is higher than budgeted. It is approximately four percent above budget year-to-date.

○ Electric Prices

Electric prices are down seven percent compared to budget. The prices for the month of June last year were averaging \$25/megawatt hour and this year, \$27/megawatt hour, so NYPA is starting to see some levelling of the price.

○ Fuel Prices

Fuel Prices are lower than projected. Lower natural gas fuel prices lead to lower energy market prices, which impact NYPA's merchant generation portfolio. Fuel prices are lower than forecasted, which results in a positive variance for NYPA's fossil fuel fleet.

ECONOMIC DEVELOPMENT

Business Development

- Smart Path Moses-Adirondack Reliability Project is moving forward to the next step of development

The Authority announced last week that it is moving forward with the Smart Path project, which is the replacement of one of the oldest transmission lines in the State. With this project, the Authority plans to replace the 78 miles of transmission lines from northern New York near the St. Lawrence plant down to the center of New York. The Authority has a clear path for cost recovery of this project estimated to be an investment of more than \$400 million. This is a great opportunity for NYPA and the State because it is hardening the electric grid and enabling more clean, renewable energy to be integrated over time.

- Large-scale renewables RFP issued on June 2nd with bids due September 1st and awards expected in early 2018

The Authority issued a request for proposals on June 2, for large-scale renewables. Bids are due in September and it is expected that the Authority will be making awards in early 2018. This project, for more than one million megawatt hours per year of renewable energy, is part of the Governor's clean energy standard.

Economic Development

Staff will be requesting that the Trustees approve Recharge New York applications; this will result in several thousand more job commitments and a total that is nearing 400,000 jobs committed of all available power. On the retail side of the business, staff will be requesting Trustee approval for additional partners to support the Customer Solutions Program.

CUSTOMER

The investments that NYPA make for its customers are ahead of budget, year-to-date. In fact, the Authority is expecting to make \$207 million of investments for its customers this year. The Authority finances most of those investments, as reported earlier by Bob Lurie, and the revenue generated is used to cover NYPA's costs for managing those projects.

LED Lighting Projects

The Authority's LED street lighting projects are growing. Recently, NYPA started a street lighting project in Clarkstown that will result in annual savings of \$900,000 for the town.

To date, there are 62 projects in development, totaling almost 150,000 streetlights around the State that NYPA is working with its customers to upgrade; this represents 10 percent of the streetlights that exist in New York State.

These projects will result in more than \$128 million of possible investments in streetlight upgrades. They are also providing significant savings for the customers, and improvement of the quality of the lighting for the constituents in those communities.

v. Customer Solutions Program – Award of Service Contracts to Support the Program

The President and Chief Executive Officer submitted the following report:

“SUMMARY

The Trustees are requested to authorize the award of contracts to twenty-six firms (enumerated below) to provide investment grade audit ('IGA'), design, engineering, procurement, and installation services. The aggregate total for the twenty-six awards is \$275 million. The term of each contract will be up to five years. These twenty-six contracts will be used to support the Authority's Governmental Customer Energy Efficiency Program ('GCEEP') and Statewide Energy Efficiency Program ('Statewide EEP'), and funding of these contracts will be allocated from these programs. These funds will generally be recovered directly from program participants.

BACKGROUND

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

Both Governor Cuomo and the Mayor of the City of New York have identified reduced energy use, sustainability, and efficient operation of public facilities as one of the top priorities of their respective administrations. The Authority supports its customers statewide in meeting these goals and initiatives with the GCEEP and Statewide EEP. This includes the following:

- Promote renewable energy systems as a means to achieve New York State energy goals, including the state's Clean Energy Standard;
- The Authority's commitment to working with public entities to install an additional 125 MW of solar capacity by 2020, tripling the amount currently installed with these customers;
- Promote energy storage systems in order to meet New York City's goal of 100 MWh energy storage;
- Increase the number of successful renewable / distributed energy projects as a means to reduce energy costs for eligible entities state-wide;
- Create a framework for eligible entities to procure renewable and distributed energy systems on an ongoing basis;
- Provide Authority program participants the opportunity to procure services of qualified contractors in a timely and cost-effective way;
- Optimize the value of the distributed energy resources by providing grid support functions; and
- Utilize Authority experience and capability to support the procurement of renewable and distributed energy systems.

Consistent with Public Authorities Law Section 1005(17), the Authority provides services that include energy audits and energy master plans, engineering and design, life cycle cost analyses, equipment procurement, contractor labor, environmental waste disposal, construction management and project finance to these market segments.

In support of the State's goals, the Trustees are requested to approve the award of an expanded group of contractors to support the growing number of projects contemplated and to open up opportunities to the contracting community to participate in the Authority's programs.

DISCUSSION

The Customer Solutions Program provides energy efficiency and renewable energy services to customers meeting the eligibility criteria under the Public Authorities Law, Section 1005. Services provided through the Customer Solutions Program include investment grade audits ('IGA'), design, engineering, and installation services related to a wide variety of energy technologies and renewables.

The Authority is expanding its offerings to program participants by offering flexible service delivery models and additional customer services, including stand-alone audits and operation and maintenance services. The additional funding will support the Authority as it expands its GCEEP and Statewide EEP offerings.

On March 29, 2017, the Authority advertised a Request for Proposals/Qualification ('RFP/Q') (Inquiry Q17-6169MH) in the New York State *Contract Reporter*, soliciting firms interested in providing expedited design build and implementation services for renewable/distributed technologies including solar PV, solar thermal, energy storage, wind, load control, and micro-grid control in all areas of New York State. The following are the regions defined in the RFP:

- Western which includes the following counties: Allegany, Cattaraugus, Chautauqua, Erie, Genesee, Livingston, Monroe, Niagara, Ontario, Orleans, Steuben, Wayne, and Wyoming
- Central which includes the following counties: Broome, Cayuga, Chemung, Chenango, Cortland, Jefferson, Lewis, Madison, Oneida, Onondaga, Oswego, Schuyler, Seneca, Tioga, Tompkins, and Yates
- Northern which includes the following counties: Albany, Clinton, Columbia, Delaware, Essex, Franklin, Fulton, Green, Hamilton, Herkimer, Montgomery, Otsego, Rensselaer, Saratoga, Schenectady, Schoharie, St. Lawrence, Sullivan, Ulster, Warren, Washington
- Southeastern which includes the following counties: Dutchess, Orange, Putnam, Rockland, Sullivan, Ulster, and Westchester
- New York City which includes the following counties: Bronx, Kings, New York, Queens, and Richmond
- Long Island which includes the following counties: Nassau and Suffolk

In response to the invitation to bid, on April 27, 2017, twenty-nine firms submitted proposals. The proposals were reviewed by an Evaluation Committee comprised of Business and Market Development, Energy Efficiency, Strategic Supply Management, and Finance. The submissions were evaluated on the criteria stated in the invitation as follows:

- Quality and completeness of submittal — consisting of the submittal of required documents and the understanding of the scope-of-work required of the firm;
- Full Service Capability — ability of the contractor or its subcontractors to provide full services from design through project execution;
- Relevant experience — considering a firm's project history and experience based on the technologies selected;
- Proposed project team and staffing — consisting of the qualifications of a firm's staff, overview and approach to contracting, and ability to meet M/WBE goals.
- Knowledge of Local Contractors — knowledge of the local contracting community in New York State;
- Location of Office — whether the company has offices located in New York State; and
- Financial — financial soundness of the company.

Commercial evaluations of all bids were conducted by Strategic Supply Management to ensure the firms' financial viability and determine if any exceptions requested were acceptable.

Based upon an evaluation of the submissions, reference checks, and evaluation score, Authority staff recommends the award of contracts to the following twenty-six bidders for a term of five years:

- Acadia Energy Corporation (Acadia)
- Advanced Microgrid Solutions
- Ameresco, Inc.
- Burns & McDonnell Consultants, Inc. dba Burns & McDonnell Consultants PC
- Conti Enterprises Inc. (Conti Solar)
- DCO Energy, LLC
- Demand Energy Networks, Inc.
- Direct Energy Business Marketing, LLC (Direct Energy)
- Dynamic Mechanical Contractors, Inc. (Dynamic)
- Global Resource Options, Inc. (groSolar)
- HESP Solar, LLC
- Hitachi America, Ltd.
- J.R. Conkey & Associates, Inc. dba Solar Power Integrators (J.R. Conkey)
- LaBella Associates, DPC
- Lockheed Martin Energy
- Moose Power, Inc.
- Namaste Solar Electric, Inc. (Namaste Solar)
- RDS Industries Inc.
- SmartEdge
- Sol Systems, LLC
- Solar City Corporation dba Tesla Energy (Tesla)
- Solar Liberty Energy Systems, Inc.
- Stem, Inc.
- The Ryan Company, Inc.
- UGE International Ltd. (UGE)
- Viridity Energy Solutions (Viridity)

Allocation of funding will be made based upon successful responses to bid solicitations on a per project basis. Since market conditions continue to change for renewable and distributed energy technologies, the Authority will evaluate the need to pre-qualify additional firms on an annual basis.

FISCAL INFORMATION

Funding will be provided from the Authority's operating funds and/or from the proceeds of the Authority's Commercial Paper Notes or other financing instruments, as deemed appropriate. In addition, projects may be funded, in part, with monies from Petroleum Overcharge Restitution ('POCR') funds. Funding will be allocated as projects are assigned based on each firm's performance and workload, subject to the Approval Limits for Execution of Commitments in the Authority's Expenditure Authorization Procedures. All Authority costs, including Authority overheads and the costs of advancing funds, but excluding the POCR and certain types of grants, will be recovered.

RECOMMENDATION

The Vice President - Business and Market Development and the Vice President - Energy Efficiency recommend that twenty-six (26) contract awards be approved in the aggregate amount of \$275 million for a term of five years to: Acadia Energy Corporation (Acadia), Advanced Microgrid Solutions, Ameresco, Inc., Burns & McDonnell Consultants, Inc. dba Burns & McDonnell Consultants PC, Conti

Enterprises Inc. (Conti Solar), DCO Energy, LLC, Demand Energy Networks, Inc., Direct Energy Business Marketing, LLC (Direct Energy), Dynamic Mechanical Contractors, Inc. (Dynamic), Global Resource Options, Inc. (groSolar), HESP Solar, LLC, Hitachi America, Ltd., J.R. Conkey & Associates, Inc. dba Solar Power Integrators (J.R. Conkey), LaBella Associates, DPC, Lockheed Martin Energy, Moose Power, Inc., Namaste Solar Electric, Inc. (Namaste Solar), RDS Industries Inc., SmartEdge, Sol Systems, LLC, Solar City Corporation dba Tesla Energy (Tesla), Solar Liberty Energy Systems, Inc., Stem, Inc., The Ryan Company, Inc., UGE International Ltd. (UGE), Viridity Energy Solutions (Viridity).

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

Upon motion made by Trustee McKibben and seconded by Trustee Trainor, the following resolution, as submitted by the President and Chief Executive Officer, was adopted with Chairman Koelmel recused from the vote as it relates to Arcadia Energy Corporation and Trustee Kress as it relates to LaBella Associates, DPC.

RESOLVED, That the Trustees authorize the President and Chief Executive Officer, the Executive Vice President and Chief Operating Officer, the Executive Vice President and Chief Commercial Officer, the Vice President of Business and Market Development, and the Vice President of Energy Efficiency, and or such officer designated by the President and Chief Executive Officer to execute agreements and other documents between the Authority, the Governmental Customers Energy Efficiency Program (“GCEEP”) and the Statewide Energy Efficiency Program (“Statewide EEP”) participants and to execute agreements and other documents with contractors, such agreements having such terms and conditions as the executing officer may approve, subject to the approval of the form thereof by the Executive Vice President and General Counsel, to approve the selection of twenty-six (26) firms that have been chosen for pre-qualification under a five-year term contract as listed below; and be it further

RESOLVED, That in accordance with the Guidelines for Procurement Contracts adopted by the Authority and the Authority’s Expenditure Authorization Procedures, that an aggregate \$275 million be allocated among the two programs, GCEEP and Statewide EEP, to perform expedited implementation services to design, procure, and install distributed renewable energy projects at the Authority’s customers’ facilities:

<u>Commercial Paper Program/ Operating Fund/POC</u>	<u>Ceiling</u>	<u>Termination Date</u>
Acadia Energy Corporation (Acadia), Advanced Microgrid Solutions, Ameresco, Inc., Burns & McDonnell Consultants, Inc. dba Burns & McDonnell Consultants PC, Conti Enterprises Inc. (Conti Solar), DCO Energy, LLC, Demand Energy Networks, Inc., Direct Energy Business Marketing,	\$275 million (Aggregate)	July 31, 2022

LLC (Direct Energy), Dynamic Mechanical Contractors, Inc. (Dynamic), Global Resource Options, Inc. (groSolar), HESP Solar, LLC, Hitachi America, Ltd., J.R. Conkey & Associates, Inc. dba Solar Power Integrators (J.R. Conkey), LaBella Associates, DPC, Lockheed Martin Energy, Moose Power, Inc., Namaste Solar Electric, Inc. (Namaste Solar), RDS Industries Inc., SmartEdge, Sol Systems, LLC, Solar City Corporation dba Tesla Energy (Tesla), Solar Liberty Energy Systems, Inc., Stem, Inc., The Ryan Company, Inc., UGE International Ltd. (UGE), Viridity Energy Solutions (Viridity)

AND BE IT FURTHER RESOLVED, That the Authority's Commercial Paper Notes, Series 1, Series 2 and Series 3, and Operating Fund monies may be used to finance GCEEP and Statewide EEP cost; and be it further

AND BE IT FURTHER RESOLVED, That the Executive Vice President and Chief Commercial Officer, the Vice President of Business and Market Development, and the Vice President of Energy Efficiency are authorized to determine which projects will be deemed to be energy efficiency projects within the meaning of Section (7) of Part P of Chapter 84 of the Laws of 2002 (the "Section (7) POCR Legislation") to be funded, in part, with Petroleum Overcharge Restitution ("POCR") Funds allocated pursuant to the Section (7) POCR Legislation; and be it further

RESOLVED, That POCR funds allocated to the Authority by the Section (7) POCR Legislation may be used to the extent authorized by such legislation, in such amounts as may be deemed necessary or desirable by, the Executive Vice President and Chief Commercial Officer, the Vice President of Business and Market Development, and the Vice President of Energy Efficiency to finance projects within both Energy Efficiency Programs; and be it further

RESOLVED, That the Chairman, the Vice Chairman, the President and Chief Executive Officer, the Executive Vice President and 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.

vi. Recharge New York Power Allocations

The President and Chief Executive Officer submitted the following report:

"SUMMARY"

The Trustees are requested to:

1. award allocations of Recharge New York ('RNY') Power available for 'retention' purposes to the businesses listed in Exhibit '5c vi-A' in the amounts indicated on Exhibit '5c vi-A';
2. award allocations of RNY Power available for 'expansion' purposes to the businesses listed in Exhibit '5c vi-B' in the amounts indicated on Exhibit '5c vi-B'; and
3. award allocations of RNY Power available for eligible small businesses and not-for-profit corporations to the entities listed in Exhibit '5c vi-C' in the amounts indicated on Exhibit '5c vi-C'.

These actions have been recommended by the Economic Development Power Allocation Board ('EDPAB') at its July 24, 2017 meeting.

BACKGROUND

On April 14, 2011, Governor Andrew M. Cuomo signed into law the RNY Power Program as part of Chapter 60 (Part CC) of the Laws of 2011 ('Chapter 60'). 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 can be for a term of up to seven years in exchange for job and capital investment commitments.

RNY Power is available to businesses and not-for-profit corporations for job retention and business expansion and attraction purposes. Specifically, Chapter 60 provides that at least 350 MW of RNY Power shall be dedicated to facilities in the service territories served by the New York State Electric and Gas, National Grid and Rochester Gas and Electric utility companies; at least 200 MW of RNY Power shall be dedicated to the purpose of attracting new businesses and encouraging expansion of existing businesses statewide; and up to 100 MW shall be dedicated for eligible not-for-profit corporations and eligible small businesses statewide.

Under the statute, 'eligible applicant' is defined to mean an eligible business, eligible small business, or eligible not-for-profit corporation, however, an eligible applicant shall not include retail businesses as defined by EDPAB, including, without limitation, sports venues, gaming or entertainment-related establishments or places of overnight accommodations. At its meeting on April 24, 2012, EDPAB defined a retail business as 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, consistent with the rules previously promulgated by EDPAB for implementation of the Authority's Economic Development Power program.

Prior to entering into a contract with an eligible applicant for the sale of RNY Power, and prior to the provision of electric service relating to a RNY Power allocation, the Authority must offer each eligible applicant that has received an award of RNY Power the option to decline to purchase the RNY Market Power component of such award. If the applicant declines to purchase the RNY Market Power component from the Authority, the Authority has no responsibility for supplying the RNY Market Power component of the award.

As part of Governor Andrew M. Cuomo's initiative to foster business activity and streamline economic development, applications for all statewide economic development programs, including the RNY Power Program, have been incorporated into a single on-line Consolidated Funding Application

('CFA') marking a fundamental shift in how State economic development resources are marketed and allocated. Beginning in September 2011, the CFA was available to applicants. The CFA continues to serve as an efficient and effective tool to streamline and expedite the State's efforts to generate sustainable economic growth and employment opportunities. All applications that are considered for an RNY Power allocation are submitted through the CFA process.

Applications for RNY Power are subject to a competitive evaluation process and are evaluated based on the following criteria set forth in the statutes providing for the RNY Power Program (the 'RNY Statutes'):

- '(i) the significance of the cost of electricity to the applicant's overall cost of doing business, and the impact that a recharge New York power allocation will have on the applicant's operating costs;
- (ii) the extent to which a recharge New York power allocation will result in new capital investment in the state by the applicant;
- (iii) the extent to which a recharge New York power allocation is consistent with any regional economic development council strategies and priorities;
- (iv) the type and cost of buildings, equipment and facilities to be constructed, enlarged or installed if the applicant were to receive an allocation;
- (v) the applicant's payroll, salaries, benefits and number of jobs at the facility for which a recharge New York power allocation is requested;
- (vi) the number of jobs that will be created or retained within the state in relation to the requested recharge New York power allocation, and the extent to which the applicant will agree to commit to creating or retaining such jobs as a condition to receiving a recharge New York power allocation;
- (vii) whether the applicant, due to the cost of electricity, is at risk of closing or curtailing facilities or operations in the state, relocating facilities or operations out of the state, or losing a significant number of jobs in the state, in the absence of a recharge New York power allocation;
- (viii) the significance of the applicant's facility that would receive the recharge New York power allocation to the economy of the area in which such facility is located;
- (ix) the extent to which the applicant has invested in energy efficiency measures, will agree to participate in or perform energy audits of its facilities, will agree to participate in energy efficiency programs of the authority, or will commit to implement or otherwise make tangible investments in energy efficiency measures as a condition to receiving a recharge New York power allocation;
- (x) whether the applicant receives a hydroelectric power allocation or benefits supported by the sale of hydroelectric power under another program administered in whole or in part by the authority;
- (xi) the extent to which a recharge New York power allocation will result in an advantage for an applicant in relation to the applicant's competitors within the state; and
- (xii) in addition to the foregoing criteria, in the case of a not-for-profit corporation, whether the applicant provides critical services or substantial benefits to the local community in which the facility for which the allocation is requested is located.'

Based on the evaluation of these criteria, the applications were scored and ranked. Evaluations also considered scores provided by the relevant Regional Economic Development Council under the third and eighth criteria.

In arriving at recommendations for RNY Power for EDPAB's consideration, staff, among other things, attempted to maximize the economic benefits of low-cost NYPA hydropower, the critical state asset at the core of the RNY Power Program, while attempting to ensure that each recipient receives a meaningful RNY Power allocation.

Business applicants with relatively high scores were recommended for allocations of retention RNY Power of 50% of the requested amount or average historic demand, whichever was lower. These allocations were capped at 10 MW for any recommended allocation. Not-for-profit corporation applicants that scored relatively high were recommended for allocations of 33% of the requested amount or average historic demand, whichever was lower. These allocations were capped at 5 MW. Applicants currently receiving hydropower allocations under other Authority power programs were recommended for allocations of RNY Power of 25% of the requested amount, subject to the caps as stated above.

RNY Power allocations have been awarded by the Trustees on seventeen prior occasions spanning from April 2012 through March 2017. Of the 200 MW block of RNY Power made available pursuant to Chapter 60 for business 'expansion' purposes, 103.0 MW remain unallocated. Of the 100 MW of RNY Power that is set aside for not-for-profit corporations and small businesses pursuant to Chapter 60, 7.4 MW remain unallocated. Of the remaining RNY Power made available pursuant to Chapter 60, 52.5 MW remain unallocated.

These figures reflect Trustee actions on RNY Power applications taken prior to any actions the Trustees take today.

DISCUSSION

1. Retention-Based RNY Power Allocations – Action Item

The Trustees are asked to address applications submitted via the CFA process for RNY Power retention-based allocations. Consistent with the evaluation process as described above, EDPAB recommended, at its July 24, 2017 meeting, that RNY Power retention allocations be awarded to the businesses listed in Exhibit '5c vi-A.' Each business has committed to retain jobs in New York State and to make capital investments at their facilities in exchange for the recommended RNY Power allocations.

The RNY Power 'retention' allocations identified in Exhibit '5c vi-A' are each recommended for a term of seven years unless otherwise indicated. An allocation recommended by EDPAB qualifies the subject applicant to enter into a contract with the Authority for the purchase of the RNY Power. The Authority's standard RNY Power contract template, approved by the Trustees at their March 27, 2012 meeting, contains provisions addressing such things as effective periodic audits of the recipient of an allocation for the purpose of determining contract and program compliance, and for the partial or complete withdrawal of an allocation if the recipient fails to maintain mutually agreed-upon commitments, relating to, among other things, employment levels, power utilization, and capital investments. In addition, there is a requirement that a recipient of an allocation perform an energy efficiency audit at its facility not less than once during the first five years of the term of the allocation.

2. Expansion-Based RNY Power Allocations – Action Item

The Trustees are also asked to address applications submitted for RNY Power expansion-based allocations via the CFA process which request allocations from the 200 MW block of RNY Power dedicated by statute for 'for-profit' businesses that propose to expand existing businesses or create new business in the State. These applications sought a RNY Power allocation for expansion only, in the case of a new business or facility. EDPAB recommended, at its July 24, 2017 meeting, that expansion-based

RNY Power allocations be made to the businesses listed in Exhibit '5c vi-B.' Each such allocation would be for a term of seven years unless otherwise indicated.

As with the evaluation process used for the retention recommendations described above, applications for the expansion-based RNY Power were scored based on the statutory criteria, albeit with a focus on information regarding each applicants' specific project to expand or create their new facility or business (e.g., the expansion project's cost, associated job creation, and new electric load due to the expansion).

The respective amounts of the expansion-related allocations listed in Exhibit '5c vi-B' are largely intended to provide approximately 70% of the individual expansion projects' estimated new electric load. Because these projects have estimated new electric load amounts, and to ensure that an applicant's overestimation of the amount needed would not cause that applicant to receive a higher proportion of RNY Power to new load, the allocations in Exhibit '5c v-B' are recommended on an 'up to' amount basis. Each of these applicants would be required to, among other commitments, add the new electric load as stated in its application, and would be allowed to use up to the amount of their RNY Power allocation in the same proportion of the RNY Power allocation to requested load as stated in Exhibit '5c vi-B.' The contracts for these allocations would also contain the standard provisions previously summarized in the last paragraph of Section 1 above.

3. Small Business and/or Not-for-Profit-Based RNY Power Allocations – Action Item

In addition, the Trustees are asked to address applications submitted via the CFA process for RNY Power for eligible small businesses and not-for-profit corporations. Chapter 60 specifies that no more than 100 MW of RNY Power may be made available for eligible small businesses and eligible not-for-profit corporations. Consistent with the evaluation process described above, EDPAB recommended, at its July 24, 2017 meeting, that RNY Power allocations be awarded to the small businesses and not-for-profit applicants listed in Exhibit '5c vi-C.' These applicants have committed to retain or create jobs in New York State and make capital investments to the extent indicated in Exhibit '5c vi-C' in exchange for the recommended RNY Power allocations as described in Exhibit '5c vi-C.' The RNY Power allocations identified in Exhibit '5c vi-C' are recommended for a term of seven years except as otherwise indicated. The sale contract would contain the standard contract provisions summarized in Section 1 above.

4. EDPAB – Applicants Not Recommended – Informational Item

At its meeting on July 24, 2017, EDPAB determined to not recommend the applicants listed on Exhibit '5c vi-D' for a RNY Power allocation for the reasons specified on Exhibit '5c vi-D.' No action by the Trustees is required on these applications.

5. EDPAB – Termination of Application/Review Process – Informational Item

At its meeting on July 24, 2017, EDPAB terminated the application review process for the applicants listed on Exhibit '5c vi-F' for the reasons listed on Exhibit '5c vi-F.' No action by the Trustees is required on this matter. In the past, some applicants in these circumstances have decided to refile and advance more complete applications for RNY Power.

RECOMMENDATION

The Vice President - Economic Development recommends that the Trustees: (1) award the allocations of RNY Power for retention purposes to the businesses listed in Exhibit '5c vi-A' as indicated therein; (2) award the allocations of RNY Power for expansion purposes to the businesses listed in Exhibit '5c vi-B' as indicated therein; and (3) award the allocations of RNY Power for the small business and not-for-profit applicants identified in Exhibit '5c vi-C' for both retention and expansion purposes as indicated therein.

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

Upon motion made by Trustee Trainor and seconded by Trustee McKibben, the following resolution, as submitted by the President and Chief Executive Officer, was adopted with Trustee Kress recused from the vote as it relates to Corning Incorporated and JPMorgan Chase Bank, National Association and Trustee Picente as it relates to Alder Creek Beverages, LLC.

WHEREAS, the Economic Development Power Allocation Board (“EDPAB”) has recommended that the Authority Trustees award Recharge New York (“RNY”) Power allocations for retention purposes to the applicants listed in Exhibit “5c vi-A” in the amounts indicated; and

WHEREAS, EDPAB has recommended that the Authority Trustees award RNY Power allocations for expansion purposes to the applicants listed in Exhibit “5c vi-B” in the amounts indicated; and

WHEREAS, EDPAB has recommended that the Authority Trustees award RNY Power allocations for retention and expansion purposes to the small businesses and not-for-profit applicants listed in Exhibit “5c vi-C” in the amounts indicated;

NOW THEREFORE BE IT RESOLVED, That, upon considering the foregoing as indicated in the report of the President and Chief Executive Officer and the accompanying exhibits, the Trustees hereby award allocations of RNY Power for retention purposes to the applicants listed on Exhibit “5c vi-A” in the amounts indicated; and be it further

RESOLVED, That upon considering the foregoing as indicated in the report of the President and Chief Executive Officer and the accompanying exhibits, the Trustees hereby award the allocations of RNY Power for expansion purposes to the applicants listed on Exhibit “5c vi-B” in the amounts indicated; and be it further

RESOLVED, That upon considering the foregoing as indicated in the report of the President and Chief Executive Officer and the accompanying exhibits, the Trustees hereby award the allocations of RNY Power for the small businesses and not-for-profit applicants listed on Exhibit “5c vi-C” in the amounts indicated; and be it further

RESOLVED, That the Chief Commercial Officer – Energy Solutions, or such official’s designee, hereby is, authorized on behalf of the Authority to require any project for which an award has been made to meet designated progress milestones and provide for the expiration of any award in the event such milestones are not met; 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.

vii. Replacement Power Allocation

The President and Chief Executive Officer submitted the following report:

"SUMMARY

The Trustees are requested to approve an allocation of 300 kilowatts ('kW') of Replacement Power ('RP') to Flexo Transparent, LLC ('Flexo') which is proposing to construct a new building at its facility in the City of Buffalo in Erie County. The term of the allocation would be 7 years. The allocation, which is described in further detail in Exhibit '5c vii-A', would support capital investment of at least \$6.5 million and the creation of at least 5 jobs in Western New York ('WNY').

The Trustees are also requested to authorize a public hearing pursuant to Public Authorities Law ('PAL') §1009 on the proposed direct sale contract for Flexo, the current form of which is attached as Exhibit '5c vii-B.'

BACKGROUND

Under PAL §1005(13), the Authority may contract to allocate 250 megawatts ('MW') of firm hydroelectric power as Expansion Power and up to 445 MW of RP to businesses in the State located within 30 miles of the Niagara Power Project, provided that the amount of power allocated to businesses in Chautauqua County on January 1, 1987 shall continue to be allocated in such county.

Each application for an allocation of EP and RP must be evaluated under criteria that include, but need not be limited to, those set forth in PAL §1005(13)(a), which details general eligibility requirements. Among the factors to be considered when evaluating a request for an allocation of hydropower are the number of jobs created as a result of the allocation; the business' long-term commitment to the region as evidenced by the current and/or planned capital investment in the business' facilities in the region; the ratio of the number of jobs to be created to the amount of power requested; the types of jobs to be created, as measured by wage and benefit levels, security and stability of employment, and the type and cost of buildings, equipment and facilities to be constructed, enlarged or installed.

The Authority works closely with business associations, local distribution companies and economic development entities to garner support for the projects to be recommended for allocations of Authority hydropower. Discussions routinely occur with National Grid, Empire State Development, Invest Buffalo Niagara, the Niagara County Center for Economic Development, and the Erie County Industrial Development Agency to coordinate other economic development incentives that may help bring economic development to New York State. Staff confers with these entities to help maximize the value of hydropower to improve the economy of WNY and the State of New York. Each organization has expressed support for the recommended allocation.

At this time, 34,360 kW of unallocated EP and 85,041 kW of unallocated RP is available to be awarded to businesses under the criteria set forth in PAL §1005(13)(a).

DISCUSSION

Flexo was established in 1954. It is a manufacturer of printed flexible packaging, including bags, rollstock, sleeves and pouches. In 2016, Flexo had a record sales year of \$28.5 million.

Flexo manufactures flexible packaging that is used by other manufacturers to wrap their products. For example, Flexo's products are used to wrap cookies, snack cakes, sponges and sleeves around propane tanks. Flexo's Western New York customers include 3M, Treehouse, Rosina and International Imaging.

The project underlying the recommended allocation would be Flexo's fourth expansion since 1991. Flexo is looking to invest at least \$6.5 million to construct a 16,200-square-foot new building to be located between its two existing buildings at 28 Wasson Street in the City of Buffalo (Erie County). The building will house a new, 10-color printing press. At least 5 new jobs (average \$56,800 salary/benefits) will be created within the first three years of project completion/operation.

The purpose of the expansion is to increase production, and Flexo's goal is to grow by about 28% and increase total sales to \$40 million annually. Flexo expects the new facility to be fully operational by late Fall 2017.

Flexo has requested 500 kW based on projected operational characteristics of the current facilities and expansion.

Flexo is already an Authority customer, and currently receives an allocation of 380 kW of RP. The current allocation is tied to 100 jobs and a \$192,335 annual capital investment commitment. Flexo is in compliance with its current contractual obligations for this allocation.

Other support for this project includes: Empire State Development Capital Grant of \$150,000; Erie County Industrial Development Agency standard PILOT incentive and sales tax package; a National Grid Capital Investment Incentive Grant; and support from the New York State Energy Research and Development Authority and National Fuel Gas Company.

The job creation ratio for the proposed allocation of 300 kW is 17 new jobs per MW. This ratio is below the historic average of 30.5 new jobs per MW based on allocations made during the past seven years. The total project investment of at least \$6.5 million would result in a capital investment ratio of \$21.67 million per MW. This ratio is below the seven-year historic average of \$23.7 million per MW.

Staff recommends that an allocation of 300 kW of RP with a term of 7 years be awarded to Flexo in support of its proposed expansion.

CONTRACT INFORMATION

Staff intends to discuss the proposed form of customer agreement with Flexo, and anticipates reaching agreement with Flexo on a contract substantially similar to the form attached as Exhibit '5c vi-B.' Accordingly, the Trustees are requested to authorize a public hearing, pursuant to PAL §1009, on the proposed form of contract for Flexo attached as Exhibit '5c vii-B.'

As required by PAL §1009, when the Authority believes it has reached agreement with its prospective co-party on a contract for the sale of EP or RP, it will transmit the proposed form of the contract to the Governor and other elected officials, and hold a public hearing on the contract. At least 30-days' notice of the hearing must be given by publication once in each week during such period in each of six selected newspapers. Following the public hearing, the form of the contract may be modified, if advisable. Staff will report to the Board of Trustees on the public hearing and the proposed contract at a later time and make additional recommendations regarding the proposed contract.

Upon approval of the final proposed contract by the Authority, the Authority must 'report' the proposed contract, along with its recommendations and the public hearing records, to the Governor and other elected officials. Upon approval by the Governor, the Authority is authorized to execute the contract.

The general form of the proposed contract is consistent with recently-approved contracts for the sale of PP and/or other hydropower. Some pertinent provisions of the proposed form of the contract include: (i) the provision for direct billing of all production charges (i.e., demand and energy) as well as all New York Independent System Operator, Inc. ('NYISO') charges, plus taxes or any other required assessments, as set forth in the Authority's Service Tariff No. WNY-1; (ii) the collection of a Zero

Emission Credit Charge and a Renewable Energy Credit Charge to allow the Authority to recover costs it would incur relating to its purchase of Zero Emission Credits and Renewable Energy Credits attributable to the customer's load; (iii) commercially reasonable provisions relating to financial security to reflect a direct billing arrangement between the Authority and its PP customers; and (iv) and provisions authorizing data transfers and addressing other utility-driven requirements which are necessary for efficient program implementation.

In addition, the provision of electric service for all hydropower allocations is subject to enforceable employment, capital investment and power usage commitments. The standard contract form includes annual job and capital investment reporting requirements and a compliance threshold of 90%. If the relevant compliance threshold is not met, the Authority has the right to reduce the allocation as provided for in the contract.

The recommended allocation would be sold pursuant to the Authority's Service Tariff No. WNY-1, which applies to all allocations of EP and RP. Transmission and delivery service would be provided by the customer's local electric distribution utility.

RECOMMENDATION

The Vice President - Economic Development, recommends that the Trustees approve an allocation of 300 kW of Replacement Power to Flexo Transparent, LLC for a term of 7 years as further described herein and in Exhibit '5c vii-A.'

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

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 an allocation of 300 kilowatts ("kW") of Replacement Power ("RP") to Flexo Transparent, LLC , for a term of 7 years as detailed in the foregoing report of the President and Chief Executive Officer and Exhibit "5c vii-A," be and hereby is approved, subject to rates previously approved by the Trustees; and be it further

RESOLVED, That the Trustees hereby authorize a public hearing pursuant to Public Authorities Law ("PAL") §1009 on the terms of the proposed form of the direct sale contract for the sale of RP finally negotiated with Flexo Transparent, LLC (the "Contract"), the current form of which is attached as Exhibit "5c vii-B," subject to rates previously approved by the Trustees; and be it further

RESOLVED, That the Corporate Secretary be, and hereby is, authorized to transmit a copy of the proposed Contract to the Governor, the Speaker of the Assembly, the Minority Leader of the Assembly, the Chairman of the Assembly Ways and Means Committee, the Temporary President of the Senate, the Minority Leader of the Senate and the Chairman of the Senate Finance Committee pursuant to PAL §1009; and be it further

RESOLVED, That in connection with the proposed Contract, the Corporate Secretary be, and hereby is, authorized to arrange for the publication of a notice of public hearing in six newspapers throughout the State, in accordance with the provisions of PAL §1009; and be it further

RESOLVED, That the Chairman, the Vice Chair, 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.

viii. Annual Compliance Review – Expansion Power, Replacement Power, and Preservation Power Programs

The President and Chief Executive Officer submitted the following report:

“SUMMARY

Authority Staff has conducted its annual compliance review of customers in Western New York receiving hydropower under the Expansion Power (‘EP’) and Replacement Power (‘RP’) Programs in Western New York, and customers in Northern New York receiving Preservation Power (‘PP’) (collectively, ‘Hydropower’), covering the reporting period of January 1, 2016 through December 31, 2016 (the ‘Reporting Period’). The compliance review examined contract compliance in three areas: (1) job creation and retention (collectively, ‘job retention’); (2) power utilization; and (3) capital investment. As provided for in each customer’s contract, these customers began submitting their compliance reports to the Authority in February 2017. The purpose of this memorandum is to inform the Trustees of the results of the compliance review for the specified Reporting Period, and to make recommendations regarding compliance action.

In addition, the Trustees are asked to authorize the reduction of hydropower allocations for certain customers who have failed to meet job retention, power utilization, and/or capital investment commitments, or a combination of these commitments. As detailed below, the underlying Hydropower contracts require customers to achieve at least a 90% compliance rate in the three commitment areas noted. At this time, Authority staff is recommending enforcement of the contract commitments for specific customers that have an allocation of greater than 100 kilowatts (‘kW’) of Hydropower who have failed to achieve at least a 90% compliance level for job retention commitments, power utilization commitments, capital investment commitments, or a combination of these commitments.

In summary:

- (1) The compliance level of the 6 Hydropower customers described in Exhibit ‘5c viii-A’ fell below 90% of their respective contractual commitments for job retention, or both job retention and capital investment for the Reporting Period. Staff recommends that the Hydropower allocations and contract demands for each such customer be reduced to the amounts indicated in Exhibit ‘5c viii-A.’ In addition, staff recommends that the Authority be authorized to adjust the job commitments and/or the job and capital investment commitments for these customers as indicated in Exhibit ‘5c viii-A,’ based on the job levels reported by each customer.
- (2) The compliance level of the 7 Hydropower customers described in Exhibit ‘5c viii-B’ fell below 90% of their contractual job retention commitment for the Reporting Period. Staff recommends that the Authority be authorized to adjust the job commitments for each such customer as indicated in Exhibit ‘5c viii-B.’
- (3) The compliance level of the 6 Hydropower customers described in Exhibit ‘5c viii-C’ fell below 90% of their respective contractual power utilization commitment for the Reporting Period. Staff recommends that the Hydropower allocations and contract demands for each such customer be reduced to the amounts indicated in Exhibit ‘5c viii-C.’ In addition, staff recommends that the Authority be authorized to adjust job commitments for these customers as indicated in Exhibit ‘5c viii-C’ to reflect the reduced Hydropower allocations and contract demands.
- (4) The compliance level of the Hydropower customer described in Exhibit ‘5c viii-D’ fell below 90% of its contractual power utilization commitment for the Reporting Period. Staff recommends that the Authority be authorized to adjust the capital investment commitment for this customer as indicated in Exhibit ‘5c viii-D.’

- (5) The compliance level of the 4 Hydropower customers described in Exhibit '5c viii-E' fell below 90% of their respective contractual capital investment commitments for the Reporting Period. Staff recommendations for three of these customers are addressed in other Exhibits (Monofrax LTD in Exhibit '5c viii-A,' Cliffstar, LLC in Exhibit '5c viii-B,' and Ceres Crystal Industries, Inc. in Exhibit '5c viii-D'), as these customers are deficient in other contract commitments. With respect to the remaining customer identified in Exhibit '5c viii-E,' Niagara Sheets, LLC, staff recommends that its Hydropower allocation and contract demand be reduced, and its job and capital investment commitments be adjusted to reflect the reduced Hydropower allocation and contract demand, to the amounts reflected in Exhibit '5c viii-E'.
- (6) The Compliance level of the 4 Hydropower customers described in Exhibit '5c viii-F' fell below 90% for one or more commitments for the Reporting Period. However, due to special circumstances relating to each of these customers, or because the applicable compliance methodology under the Authority's Hydropower contract which involves rounding off does not result in a reduction, staff is not recommending compliance action as to these specific customers at this time.
- (7) One Hydropower customer did not file a compliance report as required by its power contract with the Authority. The Authority has suspended the Hydropower allocation for this customer effective April 30, 2017. No action by the Trustees is requested for this matter.

The tables in Exhibit '5c viii-G' provide a summary of all Hydropower customers discussed in greater detail in Exhibits '5c viii-A' through '5c viii-F.'

BACKGROUND

In addition to the basic requirement to pay for electric service, Hydropower contracts typically provide for several 'supplemental' commitments by the customer relating to (1) job retention, (2) power utilization, and/or (3) capital investment (collectively, 'Supplemental Commitments').

Each year staff performs a review of all in-service Hydropower allocation contracts for compliance with Supplemental Commitments. In or around 2013, most RP and EP allocations began service under new contracts that were negotiated and approved by the Trustees in 2010, which require, among other commitments, annual capital investment commitments.

To facilitate compliance review and contract enforcement, nearly all Hydropower contracts require customers to report information on the Supplemental Commitments. Customers are required to report pertinent information no later than February 28 of each year for the prior 12-month reporting period from January through December.

As more specifically detailed in the Hydropower contracts, if a customer's report or other information indicates that any of its Supplemental Commitments for the reporting period is below a compliance rate of 90%, the Authority may take action against the customer, which may include reducing the customer's power allocation on a pro rata basis. Pro-rata reductions in allocations and contract demands are rounded up to the nearest 50 kilowatts.

Where a customer has failed to meet a commitment for jobs and also a commitment for either power utilization or capital investment, the recommendations made for compliance enforcement action, as to such customer, addresses all such deficiencies.

Customers are given the opportunity to provide an explanation for a compliance shortfall during the reporting year. Accordingly, staff's analysis and the recommendations contained herein do not represent a 'black and white' analysis, rather, staff has taken a 'big picture' approach that includes, where reasonable, appropriate consideration of individual or special circumstances affecting customers. Staff is also focusing more carefully on power utilization by Hydropower customers as compared to other

compliance reviews. Authority Hydropower is a valuable asset. A customer's failure to make use of an allocation as provided for in the Hydropower contract can result in 'idle' Hydropower being unavailable for sale to other businesses that are willing to make job, capital investment and other commitments in exchange for the opportunity to receive Hydropower.

DISCUSSION

1. Background

Staff has completed its annual compliance review of all in-service WNY Hydropower allocation contracts for compliance with Supplemental Commitments.[‡] In 2016, the Authority had 115 Hydropower customers who, collectively, were receiving a total of 205 Hydropower allocations under the RP, EP, and PP programs. Of these, a total of 111 customers holding 200 allocations were required to report compliance levels for 2016. Of this number, the Authority received reports from 110 customers covering 199 Hydropower allocations. The contracts reviewed by staff represent total power allocations of 795 megawatts and total employment commitments of 28,451 jobs. In the aggregate, these customers reported actual employment of 40,295 jobs. This represents 142% of the total job commitment for Hydropower customers reporting in 2016.

In addition, the reported aggregate capital investment spending during the Reporting Period totaled \$419 million for commitments collectively totaling \$137 million. The results showed that a majority of companies have met or exceeded a 90% compliance rate for capital investments during this Reporting Period.

A total of 86 companies reviewed were found to be compliant in all three Supplemental Commitments. However, 24 companies were found not to be compliant for at least one Supplemental Commitment. The Authority did not receive compliance reporting data from one company which has since dropped out of the Hydropower program.

Based on the Hydropower contract, 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 Hydropower allocation and contract demand.

As noted, the underlying Hydropower contracts require customers to achieve at least a 90% compliance rate with respect to the three Supplemental Commitment areas noted. At this time, staff is recommending enforcement of the contract commitments for virtually all Hydropower customers who have failed to achieve at least a 90% compliance level for job retention commitments, power utilization commitments, capital investment commitments, or a combination of these commitments. Staff is also recommending that the Authority be authorized to adjust job commitments and/or capital investment commitments proportionately as discussed below to reflect reduced Hydropower allocations and contract demands. Information relating to these customers is provided in Exhibits '5c viii-A,' '5c viii-B,' '5c viii-C,' '5c viii-D' and '5c viii-E.'

For reasons discussed below in Section 3 and in Exhibit '5c viii-F,' staff is not recommending formal compliance enforcement action be taken regarding the 4 Hydropower customers listed in Exhibit '5c viii-F' whose reported data indicate they failed to achieve at least a 90% compliance rate for the Supplemental Commitment indicated.

[‡] In addition to the annual compliance review, each year the Authority's Internal Audit group, with the assistance of an independent auditor retained by the Authority, 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 auditing firm. The audits are designed to help staff validate reported information. Audited customers receive feedback on the audit results, including guidance for future submittals.

2. Failure to Meet Supplemental Commitments – Action Requested

This section discusses specific compliance information concerning the Supplemental Commitments described herein. Some customers failed to achieve at least 90% compliance 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 into account multiple compliance violations.

a) Customers That Did Not Meet Job Retention, Or Job Retention And Capital Investment, Commitments

In total, 97 customers reviewed were found to be compliant with their Supplemental Commitment for job retention. A total of 13 Hydropower customers were found to be below a 90% compliance rate for this Supplemental Commitment. These customers fall into 2 groups: (1) 6 customers for which staff is recommending allocation and contract demand reductions and adjustments to job commitments, or job and capital investment commitments as discussed below and in Exhibit '5c viii-A,' and (2) 7 customers for which staff is solely recommending adjustments to job retention commitments as discussed below and in Exhibit 5c viii-B.

(i) Customers Recommended for (1) Reductions in Hydropower Allocations and Contract Demands; and (2) Adjustments to Job Retention, or Job and Capital Investment Commitments

The 6 customers listed in Exhibit '5c viii-A' fell below a 90% compliance rate for their job retention commitments or both job and capital investment commitments. Staff recommends that the Trustees approve reductions in the Hydropower allocations and contract demands for these 6 customers identified in Exhibit '5c viii-A' to the amounts indicated in Exhibit '5c viii-A.' In addition, staff recommends that the Trustees authorize the Authority to make adjustments to the job commitments, or the job and capital investment commitments, for these customers to the amounts indicated in Exhibit '5c vii-A' based on the data reported by such customers. Adjusting the commitments in these circumstances yields a more realistic commitment as the reported employment and capital investment levels tend to reflect the actual ability of the affected customer to retain jobs and invest, and minimizes the chances that such customers, particularly customers who have been subject to compliance action in previous years, will be subject to compliance action in the near future.

(ii) Customers Recommended for Adjustments to Job Retention Commitment

The 7 customers listed in Exhibit '5c viii-B' fell below a 90% compliance rate for their job retention commitments. However, because the shortfall is relatively minor, the methodology used to calculate reduction of allocation and contract demand – which involves rounding of the reduction to the nearest 50 kW – does not yield an allocation and contract demand reduction for these customers. Nevertheless, staff recommends that the Trustees authorize the Authority to adjust/reset the job retention commitments for these customers to the amounts indicated in '5c viii-B' based on the job levels reported by such customers for the reasons stated above.

b) Customers That Did Not Meet Power Utilization Commitments

A total of 9 customers fell below a 90% compliance rate for their Supplemental Commitment for power utilization.

Staff recommends that the Trustees approve reductions in the Hydropower allocations and contract demands for the 6 customers identified in Exhibit '5c viii-C' to the amounts indicated in Exhibit '5c viii-C.' In addition, staff recommends that the Trustees authorize the Authority to make adjustments to the job commitments for these customers to the amounts indicated in Exhibit '5c viii-C' to reflect the reductions in the Hydropower allocations.

The 3 remaining customers that did not meet their Supplemental Commitment for power utilization are not being recommended for compliance enforcement action at this time for the reasons discussed below in Section 3 and Exhibit 5c viii-F.

c) Customers That Did Not Meet Capital Investment Commitments

The compliance review showed that all but 6 companies met or exceeded a 90% compliance rate for their capital investment commitment. These customers may be categorized as follows: (1) 1 customer for which staff is recommending an adjustment to its capital investment commitment; (2) 4 customers for which staff is recommending Hydropower allocation and contract demand reductions, and capital investment and/or job commitments adjustments; and (3) 2 customers for which staff is not recommending compliance action at this time for the reasons discussed below in Section 3.

(i) Customers Recommended for Capital Investment Commitment Adjustment

The single customer discussed in Exhibit '5c viii-D,' Ceres Crystal Industries Inc., failed to achieve at least a 90% compliance rate for its capital investment commitment. This customer is not being recommended for allocation and contract demand reductions at this time because it underwent a contract modification in 2016 to reduce its allocation from 4 MW to 2.6 MW. However, an adjustment to its capital spending commitment was not made at that time that would align it with the reduced allocation, contract demand and adjusted job commitment.

Staff recommends that the Trustees authorize the Authority to make adjustments to the capital investment commitment for this customer as proposed in Exhibit '5c viii-D' in order to complete the contract modification alignment.

(ii) Customers Recommended for Hydropower Allocation and Contract Demand Reductions, and Adjustments to Capital Investment Commitments and/or Job Retention Commitments

The 4 customers identified in Exhibit '5c viii-E' failed to achieve at least a 90% compliance rate for their respective capital investment commitments. Staff's recommendations for 3 of the 4 customers have been discussed above and in Exhibit '5c viii-A' (RHI Monofrax), Exhibit '5c viii-B' (Cliffstar LLC) and Exhibit '5c viii-D' (Ceres Crystal).

With respect to the fourth customer, Niagara Sheets LLC, staff recommends that the Trustees approve reductions to the customer's Hydropower allocation and contract demand to the amounts indicated in Exhibit '5c viii-E.' In addition, staff recommends that the Trustees authorize the Authority to make adjustments to the job commitment and capital investment commitment to the amounts indicated in Exhibit '5c viii-E.'

3. Other Compliance-Related Matters – No Action Recommended/Requested

The 4 customers described in Exhibit '5c viii-F' reported data indicating a failure to achieve at least 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) Power Utilization

Compliance reporting indicated that GM Components Holdings LLC and Maclean Curtis, LLC, were each underutilizing their Hydropower allocation during the Reporting Period, and, as a result, fell below a 90% compliance rate. The power usage of these customers has increased slightly since the end of the Reporting Period, with indications of an upward trend into 2017 which is expected to continue. Accordingly, staff is not recommending compliance enforcement action with respect to these customers at

this time. Staff will monitor the customers' power utilization over the course of the next reporting period to better understand the expected usage of their respective allocations.

b) Capital Investment

Compliance reporting for Rosina Food Products, Inc. indicates that the company failed to meet its capital investment commitment at its facility for the Reporting Period which is evaluated based on a three-year rolling average of capital investments (the Reporting Period, and 2 previous reporting periods). Information that Rosina has provided indicates that it has made significant investments in its facility in 2016 at a level that equates to 110% of its capital spending commitment. This is a 14% increase from 2015 spending, and indicates that investments are trending upward. In addition, because the deficit is so small, the methodology used to calculate reductions does not result in a reduction of Rosina's allocation/contract demand. Accordingly, staff is not recommending compliance enforcement action for this customer at this time.

c) No Contract Demand/Allocation Reduction Calculated

The remaining customer listed on Exhibit '5c viii-F,' Delaco AMTB, reported data indicating that it failed to meet its capital investment commitment during the Reporting Period. However, application of the methodology provided for in the power contract, which involves rounding the reduction to the nearest 50 kW, does not result in a reduction of the contract demand and allocation.

RECOMMENDATION

The Vice President - Economic Development recommends that the Trustees:

- (1) Authorize a reduction of the Hydropower allocations and contract demands for each of the Hydropower customers identified in Exhibit '5c viii-A' to the amount indicated in Exhibit '5c viii-A', and authorize the Authority to adjust job retention commitments, or job retention and capital investment commitments, for these customers as indicated in Exhibit '5c viii-A.'
- (2) Authorize the Authority to adjust job commitments for each of the Hydropower customers identified in Exhibit '5c viii-B' as indicated in Exhibit '5c viii-B.'
- (3) Authorize a reduction of the Hydropower allocations and contract demands for the Hydropower customers identified in Exhibit '5c viii-C' to the amount indicated in Exhibit '5c viii-C,' and authorize the Authority to adjust job commitments for these customers as indicated in Exhibit '5c viii-C.'
- (4) Authorize the Authority to adjust the capital investment commitment for the Hydropower customer identified in Exhibit '5c viii-D' as indicated in Exhibit '5c viii-D.'
- (5) Authorize a reduction of the Hydropower allocation and contract demand for Niagara Sheets LLC, identified in Exhibit '5c viii-E,' to the amount indicated in Exhibit '5c viii-E', and authorize the Authority to adjust the job commitment and capital investment commitment for this customer as indicated in Exhibit '5c viii-E.'

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

Upon motion made by Trustee McKibben and seconded by Trustee Picente, the following resolution, as submitted by the President and Chief Executive Officer, was adopted with Trustee Kress recused from the vote as it relates to M&T Bank Corporation.

RESOLVED, That the Trustees hereby accept and approve the recommendations regarding the Annual Compliance Review for the Expansion Power, Replacement Power, and/or Preservation Power programs (collectively, “Hydropower”) which began in February 2017 for the compliance period beginning in January 1, 2016 and ending December 31, 2016; and be it further

RESOLVED, That the Trustees hereby approve the reduction of Hydropower allocations and contract demands for each of the customers identified in Exhibit “5c viii-A” to the amounts indicated therein, and authorize the Authority to adjust job commitments, or job and capital investment commitments for these customers as indicated in Exhibit “5c viii-A,” as described in the foregoing report of the President and Chief Executive Officer; and be it further

RESOLVED, That the Trustees hereby authorize the Authority to adjust job commitments for each of the customers identified in Exhibit “5c viii-B” to the amounts indicated therein, 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 Hydropower allocations and contract demands for the customers identified in Exhibit “5c viii-C” to the amounts indicated therein, and authorize the Authority to adjust job commitments for these customers as indicated in Exhibit “5c viii-C,” as described in the foregoing report of the President and Chief Executive Officer; and be it further

RESOLVED, That the Trustees hereby authorize the Authority to adjust the capital investment commitment for the customer identified in Exhibit “5c viii-D” to the amount indicated therein, 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 Hydropower allocation and contract demand for Niagara Sheets, LLC identified in Exhibit “5c viii-E” to the amount indicated therein, and authorize the Authority to adjust this customer’s job and capital investment commitments as indicated in Exhibit “5c viii-E,” 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

July 25, 2017

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.

6. **Next Meeting**

The Regular meeting of the Trustees will be held on September 26, 2017 **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 by Trustee Picente and seconded by Vice Chairman Nicandri, the meeting was adjourned at approximately 1:00: p.m.

Karen Delince

Karen Delince
Corporate Secretary

July 25, 2017

EXHIBITS

For

July 25, 2017

Regular Meeting

Minutes

Proc Awards Exh A

Procurement (Services) and Other Contracts – Awards
(For Description of Contracts See "Discussion")

EXHIBIT "A"
July 25, 2017

<u>Plant Site</u>	<u>Company Contract #</u>	<u>Start of Contract</u>	<u>Description of Contract</u>	<u>Closing Date</u>	<u>Award Basis¹ Contract Type²</u>	<u>Compensation Limit</u>	<u>Amount Expended To Date</u>	<u>Expected Expenditures For Life Of Contract</u>
HR & ESS - HR & ORGANI- ZATIONAL DEVELOPMENT - RECRUITING	DATROSE ♦ Webster, NY (Q16-6125MR ; PO# TBA)	04/01/17 (on or about)	Provide for permanent staffing search services (approval sought due to lack of quorum at previous meeting)	03/31/22 * * coterminous for all 14 con- tracts, regard- less of indivi- dual start date	B/P			\$1,500,000*
*Note: represents aggregate total for up to 5-year term for 14 vendors proposed through Q16-6125MR								
HR & ESS - ENTERPRISE SHARED SERVICES	GOMEZ AND SULLIVAN ENGINEERS, DPC Williamsville, NY (Q17-6137SG ; PO# 4600003316)	06/01/17	Provide for vegetation inventories for NYPA transmission rights-of-way	05/31/21	B/P	\$152,000		\$1,500,000*
*Note: represents aggregate total for up to 4-year term including the interim award amount of \$152,000								
UTILITY OPERATIONS - CONSTRUCTION SERVICES / NIAGARA PROJECT	FERGUSON ELECTRIC CONSTRUCTION CO, INC Buffalo, NY (Q15-6145SR ; PO# 4500287044)	06/29/17 (on or about)	Provide for construction services for demolition of existing equipment and installation of new equipment at Niagara Project	06/28/20	B/C	\$500,000		\$26,135,865*
*Note: represents aggregate total for up to 3-year term including the interim award amount of \$500,000								
UTILITY OPERATIONS - POWER SUPPLY - TECHNICAL COMPLIANCE- NIAGARA PROJECT	FISHER ASSOCIATES Rochester, NY (N17-20115322GJ ; PO# TBA)	08/01/17 (on or about)	Provide for SPDES monitoring, sampling and reporting services at the Niagara Project	07/31/21	B/P			\$150,000*
*Note: represents total for up to 4-year term								
UTILITY OPERATIONS - PROJECT MANAGEMENT - BG	HATCH ASSOCIATES CONSULTANTS Amherst, NY (Q16-6165JM ; PO# 4500287026)	07/05/17	Provide for A/E, design and construction support services for the BG Control Room Upgrades	07/04/20	B/P	\$76,400		\$240,490*
*Note: represents aggregate total for up to 3-year term including the interim award amount of \$76,400								

♦ **M / WBE:** New York State-certified Minority / Women-owned Business Enterprise (indicated by the ♦ symbol after the Company Name)
1 Award Basis: B= Competitive Bid; S= Sole Source; Si= Single Source; C= Competitive Search
2 Contract Type: P= Personal Service; S= (Non-Personal) Service; C= Construction; E= Equipment; N= Non-Procurement; A= Architectural & Engineering Service; L= Legal Service

Proc Awards Exh A

Procurement (Services) and Other Contracts – Awards
(For Description of Contracts See "Discussion")

EXHIBIT "A"
July 25, 2017

<u>Plant Site</u>	<u>Company Contract #</u>	<u>Start of Contract</u>	<u>Description of Contract</u>	<u>Closing Date</u>	<u>Award Basis¹ Contract Type²</u>	<u>Compensation Limit</u>	<u>Amount Expended To Date</u>	<u>Expected Expenditures For Life Of Contract</u>
UTILITY OPERATIONS - PROJECT MANAGEMENT - STL	HATCH ASSOCIATES CONSULTANTS Amherst, NY (Q17-6166JM; PO# 4500287049)	07/05/17	Provide for A/E, design and construction support services for the STL Control Room Upgrades	07/04/20	B/P	\$100,000		\$284,867*
						*Note: represents aggregate total for up to 3-year term including the interim award amount of \$100,000		
UTILITY OPERATIONS - MAINTENANCE AND REPAIR - SENY	RIGGIO VALVE Bayonne, NJ (A17-171261JR; PO# TBA)	08/01/17 (on or about)	Provide for valve maintenance and repair services for the SENY Region	07/31/22	B/S			\$5,000,000*
						*Note: represents total for up to 5-year term		
UTILITY OPERATIONS - PROJECT MANAGEMENT - BG	HATCH ASSOCIATES CONSULTANTS Amherst, NY (Q17-6165JM; PO# 4500286836)	06/23/17	Provide for A/E, and design services for the BG Upper Complex Renovation/Conversion Project	06/22/20	B/P	\$130,570		\$662,880*
						*Note: represents aggregate total for up to 3-year term including the interim award amount of \$130,570		
UTILITY OPERATIONS - POWER SUPPLY - TECHNICAL COMPLIANCE- SENY REGION	CORE ENVIRONMENTAL CONSULTANTS, INC. ♦ Buffalo, NY Q17-6172JR; PO# TBA)	10/01/17	Provide for SPDES monitoring, sampling and reporting services for the SENY Region	09/30/22	B/P			\$750,000*
						*Note: represents total for up to 5-year term		

♦ **M / WBE:** New York State-certified Minority / Women-owned Business Enterprise (indicated by the ♦ symbol after the Company Name)
1 **Award Basis:** B= Competitive Bid; S= Sole Source; Si= Single Source; C= Competitive Search
2 **Contract Type:** P= Personal Service; S= (Non-Personal) Service; C= Construction; E= Equipment; N= Non-Procurement; A= Architectural & Engineering Service; L= Legal Service

Proc Awards Exh A

Procurement (Services) and Other Contracts – Awards
(For Description of Contracts See "Discussion")

EXHIBIT "A"
July 25, 2017

<u>Plant Site</u>	<u>Company Contract #</u>	<u>Start of Contract</u>	<u>Description of Contract</u>	<u>Closing Date</u>	<u>Award Basis¹ Contract Type²</u>	<u>Compensation Limit</u>	<u>Amount Expended To Date</u>	<u>Expected Expenditures For Life Of Contract</u>
PROJECT AND BUSINESS DEVELOPMENT	BERNIER, CARR AND ASSOCIATES, P.C. Watertown, NY (Q17-6187JR; PO# 4600003322)	07/01/17	Provide construction management and design services pertaining to STL relicensing	06/30/22	B/P	\$70,000		\$1,700,000*
*Note: represents aggregate total for up to 5-year term including the interim award amount of \$70,000								
ENERGY SERVICES IMPLEMENTATION	TRC ENGINEERS, INC. Hawthorne, NY (Q17-6177LW; PO# 4500286979)	08/01/17 (on or about)	Provide for development of detailed technical design of microgrid for the Town of Huntington, Suffolk Co.	07/31/19	Si/P	\$150,000		\$813,333*
*Note: represents aggregate total for up to 2-year term including the interim award amount of \$150,000								
INTERNAL AUDIT	DANNIBLE & MCKEE, LLP Syracuse, NY (Q17-6141JMT; PO# TBA)	08/01/17 (on or about)	Provide for performance of customer compliance audits of participants in Economic Development Power Programs	07/31/22	B/P			\$577,500*
*Note: represents total for up to 5-year term								

♦ **M / WBE:** New York State-certified Minority / Women-owned Business Enterprise (indicated by the ♦ symbol after the Company Name)
1 **Award Basis:** B= Competitive Bid; S= Sole Source; Si= Single Source; C= Competitive Search
2 **Contract Type:** P= Personal Service; S= (Non-Personal) Service; C= Construction; E= Equipment; N= Non-Procurement; A= Architectural & Engineering Service; L= Legal Service

Procurement (Services) Contracts – Extensions and/or Additional Funding
(For Description of Contracts See "Discussion")

EXHIBIT "B"
July 29, 2017

<u>Plant Site/ Bus. Unit</u>	<u>Company Contract #</u>	<u>Start of Contract</u>	<u>Description of Contract</u>	<u>Closing Date</u>	<u>Award Basis¹ Contract Type²</u>	<u>Compensation Limit</u>	<u>Amount Expended To Date</u>	<u>Authorized Expenditures For Life Of Contract</u>
LAW	BAKER BOTTS LLP Houston, TX 4500274819	05/17/16	Provide for legal services in connection with the Competitive Power Venture's Valley Energy Center action.	05/17/19	Si/L	\$750,000	\$428,362	\$750,000*
						*Note: includes original award amount of \$350,000 + an additional \$400,000 authorized per the EAPs NO ADDITIONAL FUNDING REQUESTED		
LAW	FRIED FRANK HARRIS SHRIVER JACOBSON LLP New York, NY 4500273466	05/25/16	Provide for legal services in connection with the Competitive Power Venture's Valley LLC action.	05/25/19	Si/L	\$750,000	\$410,301	\$750,000*
						*Note: includes original award amount of \$250,000 + an additional \$500,000 authorized per the EAPs NO ADDITIONAL FUNDING REQUESTED		
ENERGY EFFICIENCY	PARSONS BRINCKERHOFF INC New York, NY 4600002135	07/01/09	Provide for program management and implementation services for NYPA's GCESP	12/31/19	B/S	\$99 Million	\$93.6 Million	\$99 Million*
						*Note: represents approved original amount for Parsons; aggregate approved GCESP contracts was \$300 Million. NO ADDITIONAL FUNDING REQUESTED		
ENERGY EFFICIENCY	RCM TECHNOLOGIES INC Pennsauken, NJ 4600001946	06/01/08	Provide for program management and implementation services for NYPA's GCESP	12/31/19	B/S	\$195 Million	\$140.1 Million	\$195 Million*
						*Note: represents approved original amount for RCM aggregate approved GCESP contracts was \$700 Million. NO ADDITIONAL FUNDING REQUESTED		
ENERGY EFFICIENCY	15 awards	01/01/13	Provide for program management, energy audit, and construction trade management services	various	B/S	\$750 Million		\$1.05 Billion*
						*Note: represents approved original amount of \$750 Million plus the requested additional amount of \$300 Million.		
	1. BURNS ENGINEERING INC Philadelphia, PA 4600002639	01/01/13		12/31/18				

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Procurement (Services) Contracts – Extensions and/or Additional Funding
(For Description of Contracts See "Discussion")

EXHIBIT "B"
July 29, 2017

<u>Plant Site/ Bus. Unit</u>	<u>Company Contract #</u>	<u>Start of Contract</u>	<u>Description of Contract</u>	<u>Closing Date</u>	<u>Award Basis¹ Contract Type²</u>	<u>Compensation Limit</u>	<u>Amount Expended To Date</u>	<u>Authorized Expenditures For Life Of Contract</u>
ENERGY EFFICIENCY	2. EME CONSULTING New York, NY 4600002636	01/01/13	Provide for program management, energy audit, and construction trade management services	12/31/18		\$750 Million		\$1.05 Billion*
	3. KSW MECHANICAL SERVICES INC Long Island City, NY 4600002628	01/01/13		12/31/18				
	4. WILLDAN ENERGY SOLUTIONS INC Long Island City, NY 4600002638	01/01/13		12/31/18				
	5. FULCRUM GROUP INC Keller, TX 4600002631	01/01/13		12/31/19				
	6. OBRIEN & GERE LTD Syracuse, NY 4600002633	01/01/13		12/31/19				
	7. RCM TECHNOLOGIES Pennsauken, NJ 4600002644	01/01/13		12/31/19				
	8. SOURCE ONE TECH SOLUTIONS LLC Branchburg, NJ 46000026439	01/01/13		12/31/19				

*Note: represents approved original amount of \$750 Million
plus the requested additional amount of \$300 Million.

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ENERGY EFFICIENCY	9. STV INC New York, NY 4600002648	01/01/13	Provide for program management, energy audit, and construction trade management services	12/31/19		\$750 Million		\$1.05 Billion*
	10. WENDEL ENERGY SERVICES LLC Long Island City, NY 4600002637	01/01/13		12/31/19				
	11. CDM CONSTRUCTORS Boston, MA 4600002635	01/01/13		12/31/20				
	12. ECOSYSTEM / LIRO ENERGY GROUP Jersey City, NJ 4600002646	01/01/13		12/31/20				
	13. GUTH DECONZO CONSULTING ENG Troy, NY 4600002632	01/01/13		12/31/20				
	14. ARCADIS Highlands Ranch, CO 4600002655	01/01/13		12/31/22				
	15. SAVIN ENGINEERS PC ♦ Pleasantville, NY 46000026442	01/01/13		12/31/22				

*Note: represents approved original amount of \$750 Million
plus the requested additional amount of \$300 Million.

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July 29, 2017

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TREASURY	Q14-5577MR – 31 Vendors	07/29/14	Provide for pre-qualified underwriting pool for NYPA debt issuances	07/29/18	B/P			N/A*
	1. ACADEMY SECURITIES ♦ New York, NY							
	2. BACKSTROM MCCARLEY BERRY AND CO., LLC ♦ San Francisco, CA							
	3. BANK OF AMERICA MERRILL LYNCH New York, NY							
	4. BARCLAYS CAPITAL INC. New York, NY							
	5. BMO CAPITAL MARKETS New York, NY							
	6. BNY MELLON CAPITAL MARKETS, LLC New York, NY							
	7. BLAYLOCK BEAL VAN, LLC ♦ New York, NY							
	8. CADWYN POINT PARTNERS LLC ♦ Norwalk, CT							
	9. CASTLEOAK SECURITIES, LP ♦ New York, NY							

*Note: No funds are requested, rather concurrence / approval for continued status within pre-qualified underwriting pool

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TREASURY	10. CITIGROUP GLOBAL MARKETS INC. New York, NY 11. DREXEL HAMILTON, LLC New York, NY 12. DUNCAN- WILLIAMS, INC. Memphis, TN 13. ESTRADA HINOJOSA & CO., INC Dallas, TX 14. GOLDMAN, SACHS & CO. New York, NY 15. GREAT PACIFIC SECURITIES ♦ Costa Mesa, CA 16. J.P. MORGAN SECURITIES, LLC New York, NY 17. LOOP CAPITAL MARKETS LLC ♦ Chicago, IL 18. M&T SECURITIES Buffalo, NY 19. MESIROW FINANCIAL, INC. Chicago, IL	07/29/14	Provide for pre-qualified underwriting pool for NYPA debt issuances	07/29/18	B/P			N/A*

*Note: No funds are requested, rather concurrence / approval for continued status within pre-qualified underwriting pool

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Procurement (Services) Contracts – Extensions and/or Additional Funding
(For Description of Contracts See "Discussion")

EXHIBIT "B"
July 29, 2017

<u>Plant Site/ Bus. Unit</u>	<u>Company Contract #</u>	<u>Start of Contract</u>	<u>Description of Contract</u>	<u>Closing Date</u>	<u>Award Basis¹ Contract Type²</u>	<u>Compensation Limit</u>	<u>Amount Expended To Date</u>	<u>Authorized Expenditures For Life Of Contract</u>
TREASURY	20. MORGAN STANLEY & CO., LLC New York, NY	07/29/14	Provide for pre-qualified underwriting pool for NYPA debt issuances	07/29/18	B/P			N/A*
	21. NW CAPITAL MARKETS INC. Portland, OR							
	22. RAMIREZ & CO. INC. ♦ New York, NY							
	23. RBC CAPITAL MARKETS, LLC New York, NY							
	24. RICE FINANCIAL PRODUCTS COMPANY ♦ New York, NY							
	25. ROBERT W. BAIRD & CO., INC. Milwaukee, WI							
	26. ROOSEVELT & CROSS INC. New York, NY							
	27. SIEBERT CISNEROS SHANK & CO., LLC New York, NY							
	28. STERN BROTHERS & CO. ♦ St. Louis, MO							
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*Note: No funds are requested, rather concurrence / approval for continued status within pre-qualified underwriting pool

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TREASURY	29. THE WILLIAMS CAPITAL GROUP LP ♦ New York, NY	07/29/14	Provide for pre-qualified underwriting pool for NYPA debt issuances	07/29/18	B/P			N/A*
	30. TD SECURITIES LLC New York, NY							
	31. WELLS FARGO BANK, N.A. Sioux Falls, SD							

*Note: No funds are requested, rather concurrence / approval for continued status within pre-qualified underwriting pool

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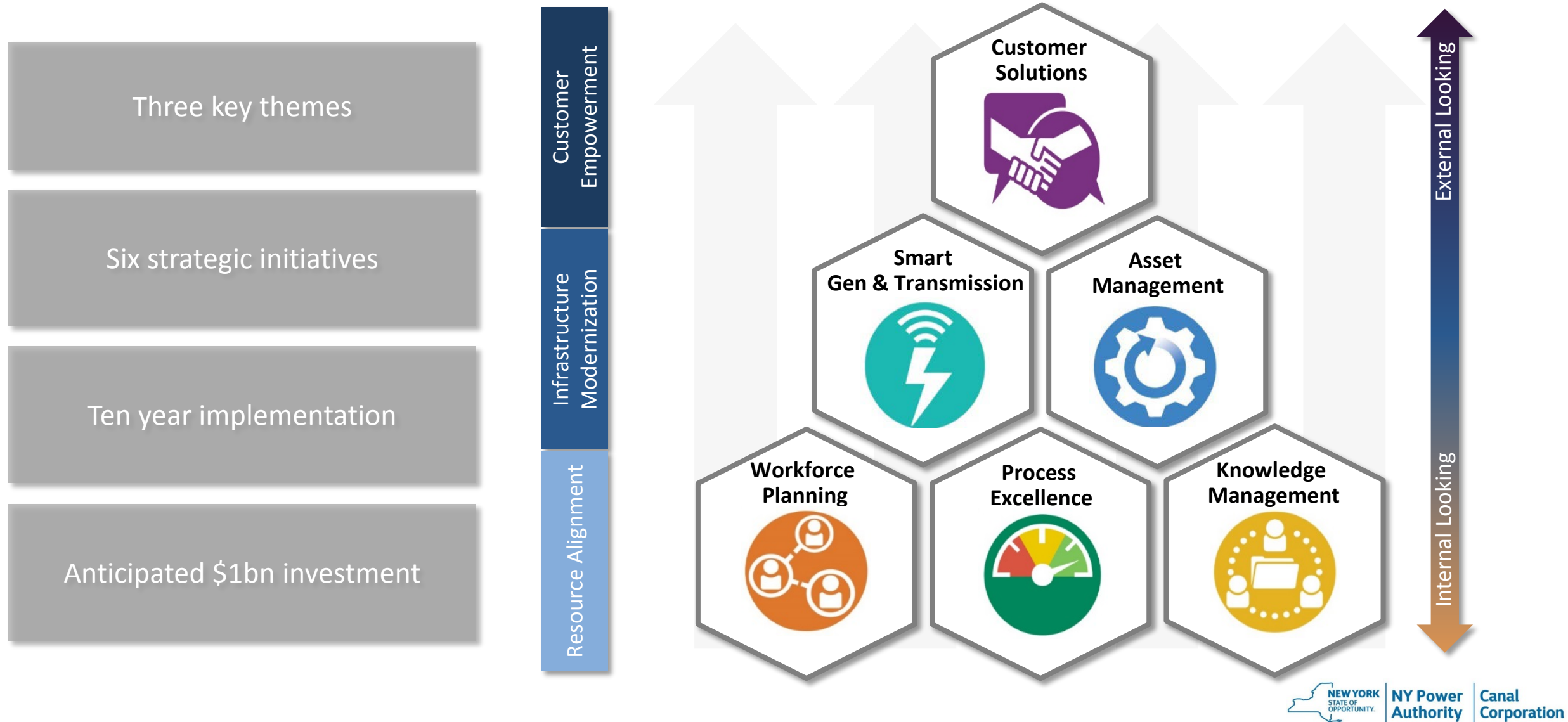
**NY Power
Authority**

**Canal
Corporation**

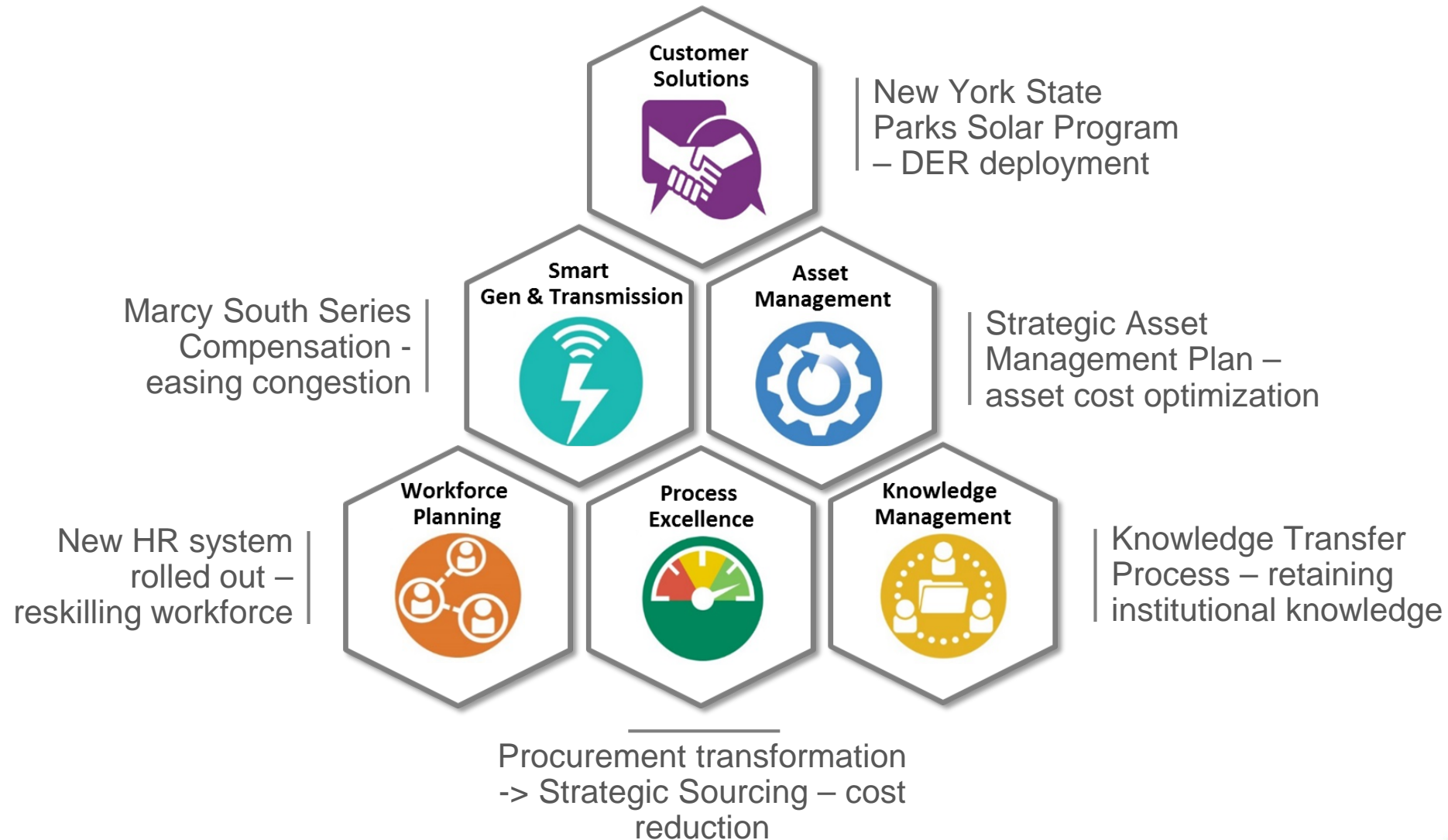
NYPA 2020 Strategy Refresh

Gil Quiniones, President & Chief Executive Officer
Robert Lurie, Chief Financial Officer

Our 2020 Strategic plan was created in late 2013



We have been implementing the plan for over two years now



At the same time, our business environment continues to change



Progressive energy policy

- *Reforming the Energy Vision*
- *State energy goals*



Rapid advancements in technology

- *Price parity of renewables to traditional generation*
- *Access to data and analytics*

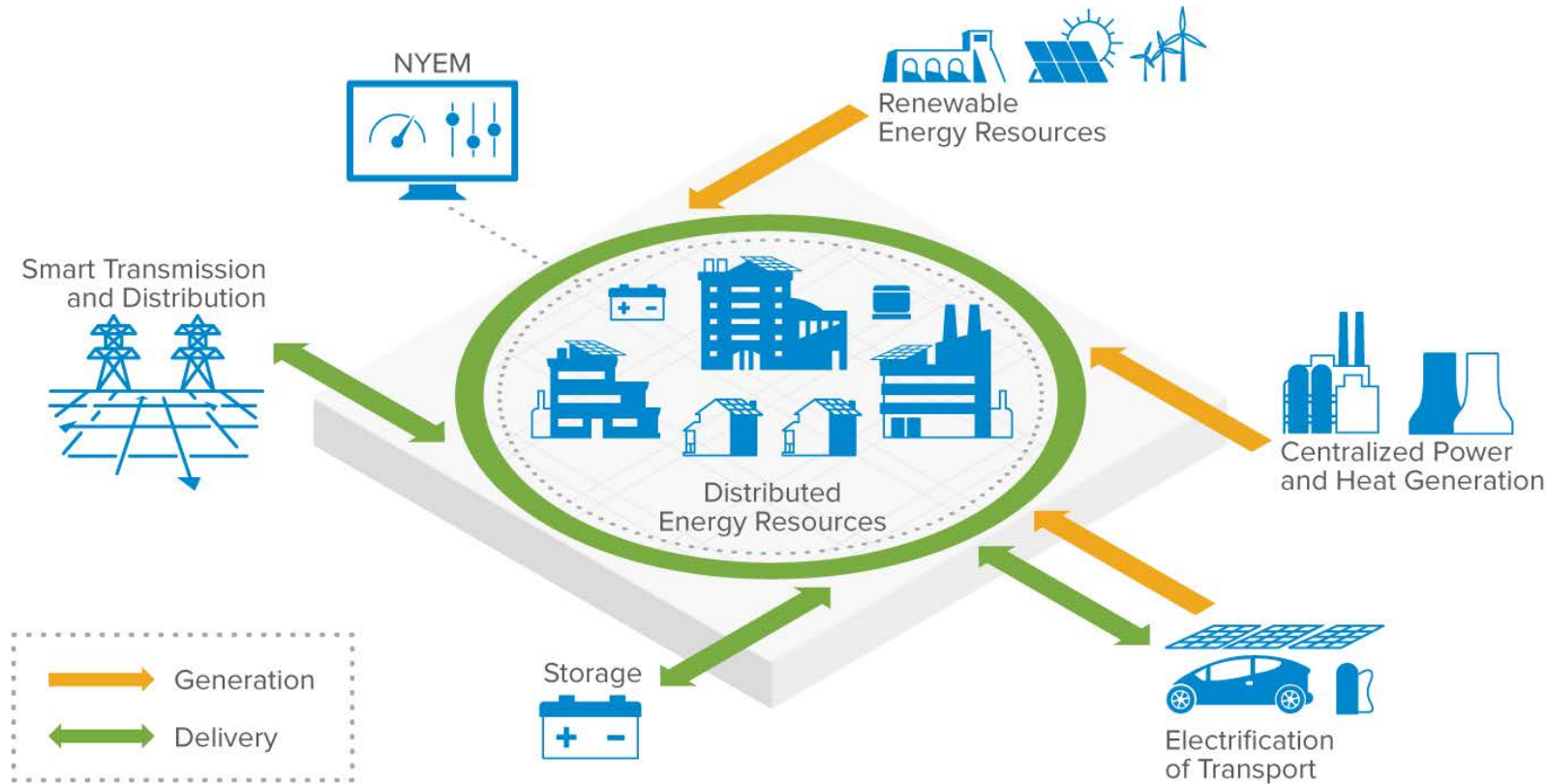


Growing consumer interest in sustainability

- *Corporate and government sustainability targets*
- *Green energy job creation*

Opportunity to make some mid-game changes to our 2020 strategic plan

Our vision of the future energy system places the customer in the driving seat



Customer empowerment is the foundation of Reforming the Energy Vision

Recasting our customers at the center of our 2020 Strategic Plan

*We are successful
when our customers'
are successful*

*Making energy
decisions convenient
and easy*



*Empowering our
customers to manage
energy costs*

*Managing the risk of
increased choice*

NYPA will lead the energy transformation in NY State and build successful long-term partnerships with our customers

For our customers, we will be the utility that...

1

...is the market leader for both energy efficiency and renewable energy services

2

...offers the best deal, by far, in electricity commodity management for our supply customers



3

...has the largest market share of new transmission and large scale renewable projects

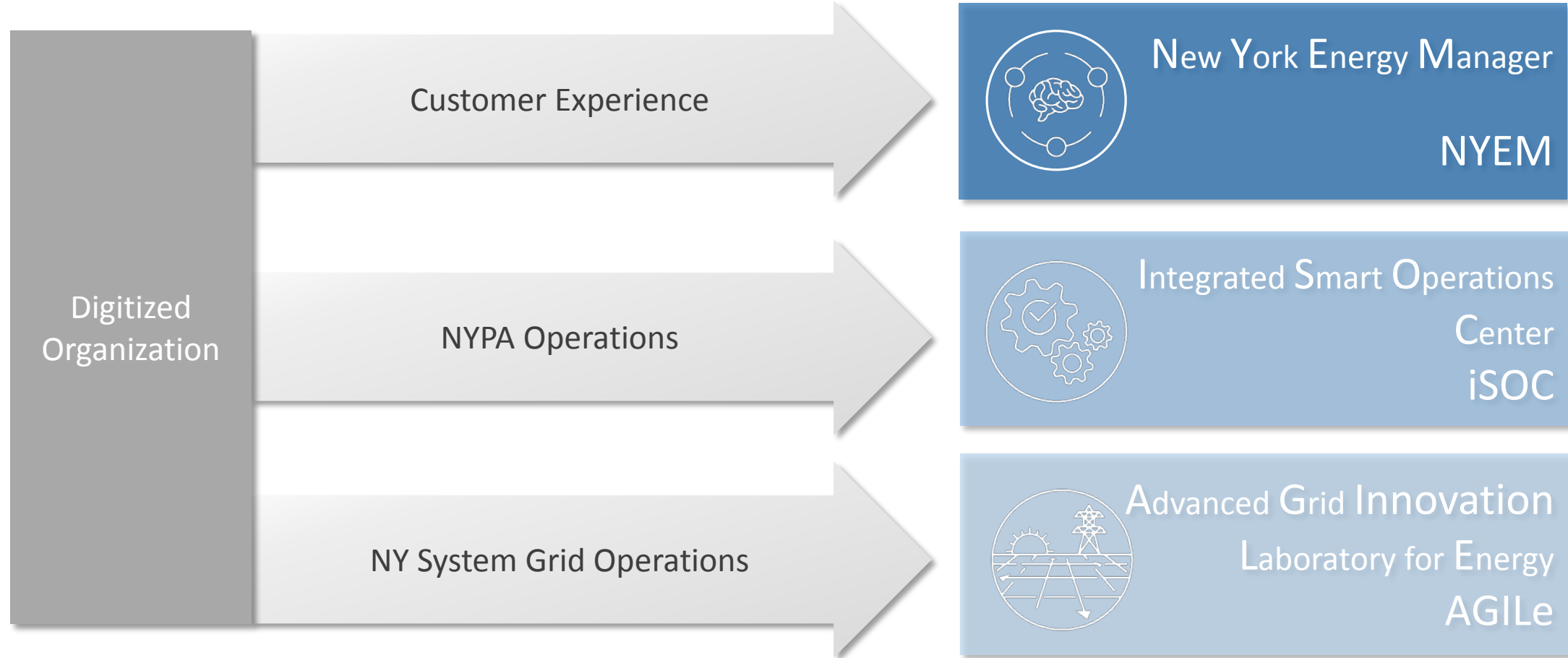
4

...is the market leader in New York State for energy storage and electric vehicle infrastructure and services




5

All of which will be enabled by NYPA becoming the first digital utility

What do we mean by a digitized NYPA?



How will these digital hubs enable the delivery of customer centric strategic plan?

		Cost Leadership	Customer Success	Innovation
NYEM		Identify tangible energy efficiency opportunities	Empowering the customer to make data driven operational decisions	New business models, products and services that use data to predict, measure and verify outcomes
iSOC		Predictive monitoring of assets to optimize maintenance investments	Improved reliability & resiliency of NYPA's assets	Create digital hub for trusted third parties
AGILe		Reduced R&D costs of grid modernization	Flexible, responsive grid that can integrate grid scale generation and distributed generation	Collaborative hub for the testing and rollout of new grid technologies

Investing in customer value



Cost Leadership

- Focus even more on the total customer energy bill
 - Use digitization to improve efficiency
 - Value add services such as commodity risk management



Customer Success

- Long term strategic energy plans
- Real time data
- Range of customer partnership models
- Utilize NYPA's size and unique capabilities
- Measurement & verification



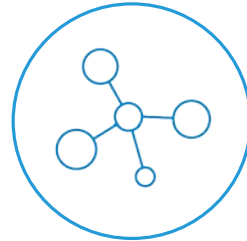
Innovation

- Create digital hubs for trusted third parties
- Culture of innovation
- Innovative business models

Powering the success of our customers and The State of New York by putting REV into action



Make customer
success our
success



Empower customers
with better choices by
becoming the first
digitized utility



Partner with others to
test and build the next
generation electricity
grid

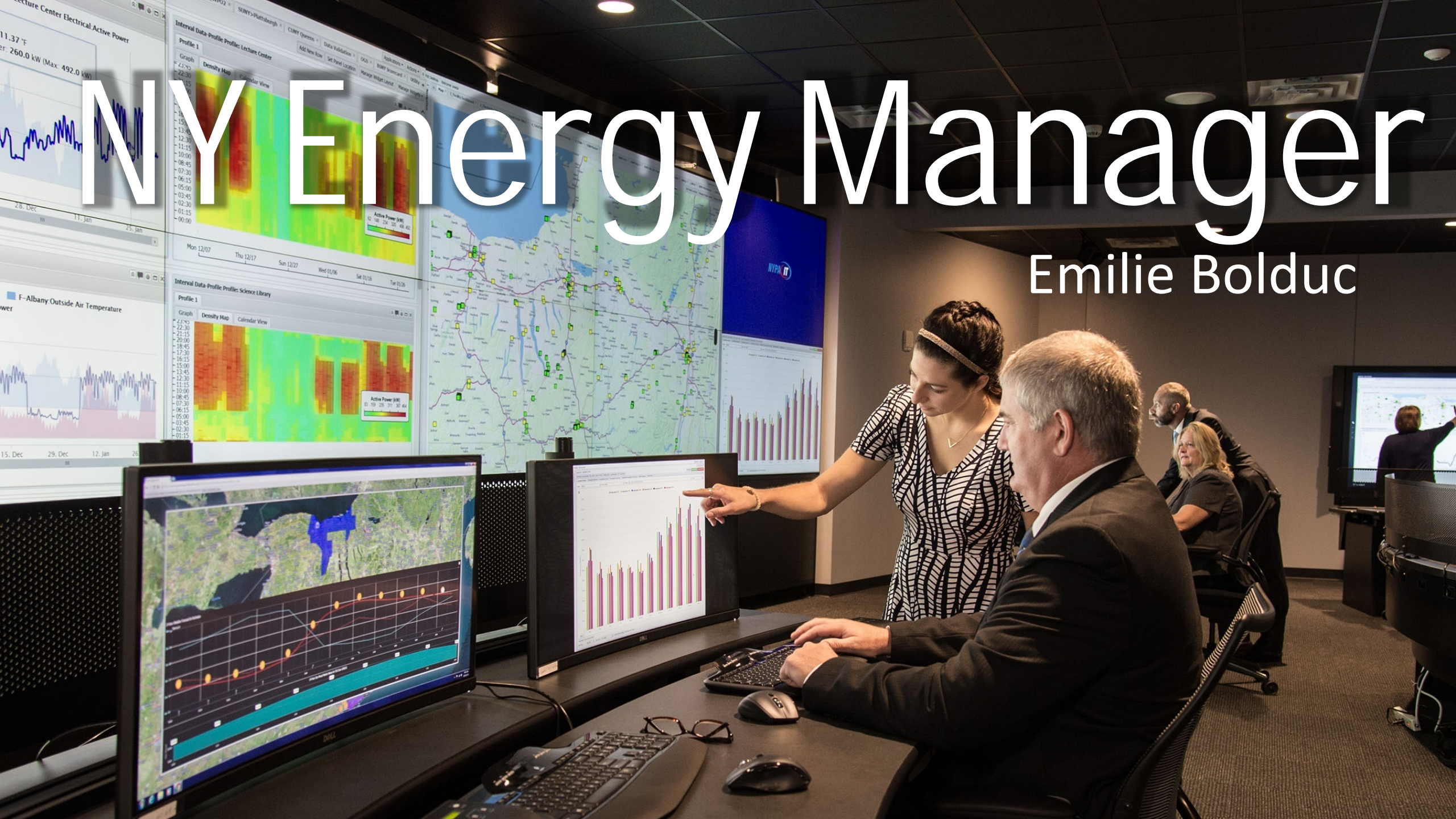


Accelerate collaborative
innovation for the
benefit of our
customers and New
York State



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NY Energy Manager

Emilie Bolduc

New York Energy Manager Introduction

- Empowers our customers to use data and analytics to manage their facilities' energy use and reduce associated energy costs
- Started in 2014 to support EO88 – 20% savings by 2020
- Includes 7,500 buildings, scaling up to 20,000 buildings
 - 44 college campuses: SUNY & CUNY
 - Offices, healthcare, correctional facilities, transportation hubs, armories, K-12 schools, research laboratories, warehouses

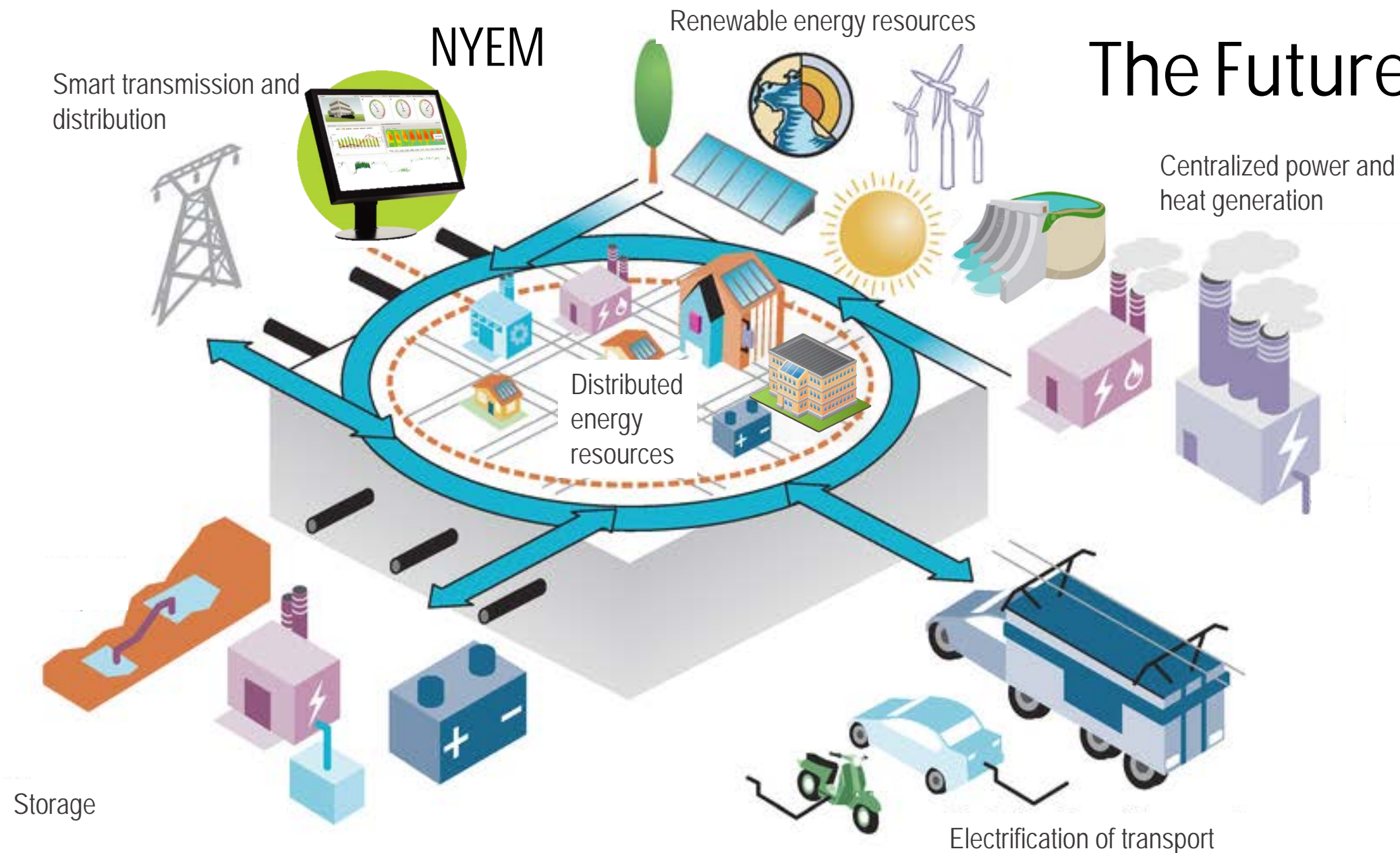
The Vision



New York Energy Manager Vision

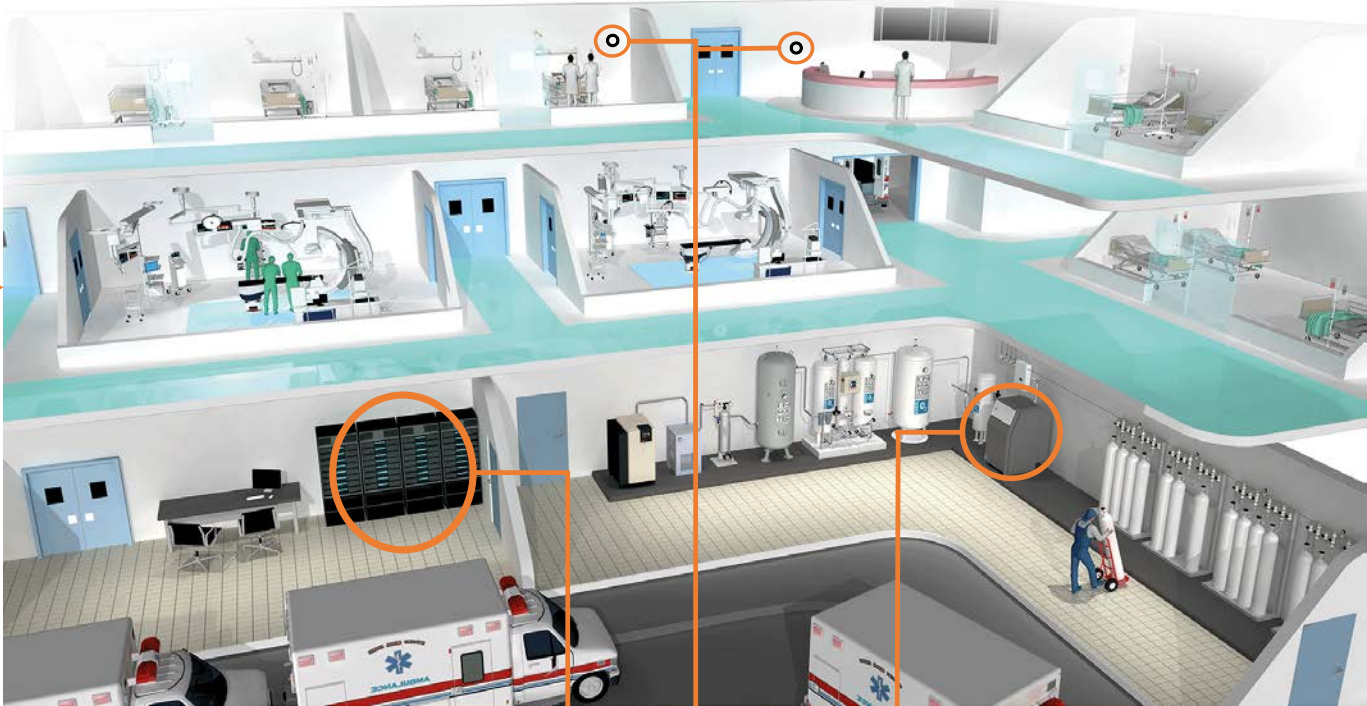
- Energy Efficiency – Optimize and advance the energy efficiency and productivity of our customers' facilities.
- Dispatchable DER – Create flexible demand and consumption of our customers' buildings and facilities and make them dispatchable distributed energy resources to the local distribution utilities and to the NYISO.
- Digital Hub – Build the customer of the “digital hub” where 3rd party technology and solutions providers, utilities, NYISO, universities and research institutes can access and use NYEM’s platform and data sets (for a fee) to create new "apps" and products and services to meet customer needs.

The Future Grid



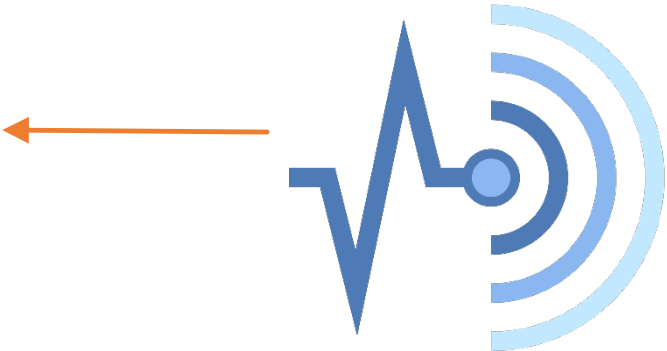
Customer: NYC Health & Hospitals





Hospital Cross Section Image Source: NMA/TEC GasTechnology

NYEM





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NYPA Risk Management

Soubhagya Parija

Chief Risk Officer, Senior Vice President

July 25, 2017

Top Enterprise Risks 2017 Assessment

1

In 2016 we established NYPA's Enterprise Risk Profile

2

In 2017 we re-affirmed NYPA's 2016 Enterprise Risk Profile while identifying possible changes

Strategic Risks

- Customer Energy Choices
- Disruptive Innovation
- Sustained Low Power Prices

Internal Risks

- Attract and Sustain Qualified Workforce
- Critical Infrastructure Failure
- Workforce Health & Safety

External Risks

- Catastrophic Events
- Commodity Market Volatility
- Cyber Security
- Hydro Flow Volumes
- Regulatory/Legislation Environment

Key Insights

- Reputation Risk was identified as a top risk for future inclusion
- Cyber Risk continues to be of concern although NYPA's cyber security posture has significantly improved
- The Sustained Low Power Prices Risk is a concern impacting future decisions

Key Emerging Risks



Emerging Business Model Risk:

- As NYPA redefines itself, internal/external factors drive the need to critically evaluate risk associated with new business models

Third Party Risk:

- As we evolve so do our external relationships, level of dependencies, and the importance of a holistic third party management approach

Big Data Management Risk:

- Managing of data is more than protecting data and gaining insights. It's also about leveraging information to strengthen resiliency and meet evolving customer demands

Key Risk Indicator Focus Points

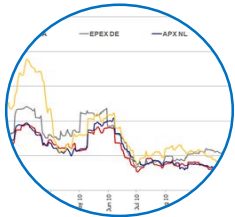
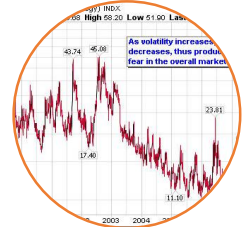


Hydro Flow Volumes:

- Higher than budgeted water flow volumes helped to offset the impact of a lower energy price market
- Balance of year 2017 forecast is 11% higher than budget

Commodity Market Volatility:

- Implementation of a multi-year hedging program has reduced volatility
 - Enterprise Trading Risk Management (ETRM) software contract signed, implementation underway
 - The hedging plan is to continue capturing market opportunities



Sustained Low Power Prices:

- The sustained low power price environment continues to pressure NYPA's traditional business model and market competitiveness
 - From 2014-2016 realized prices were ~ 20% below 2014 forward price projections
 - July 2017 forward price projections through 2020 remain depressed

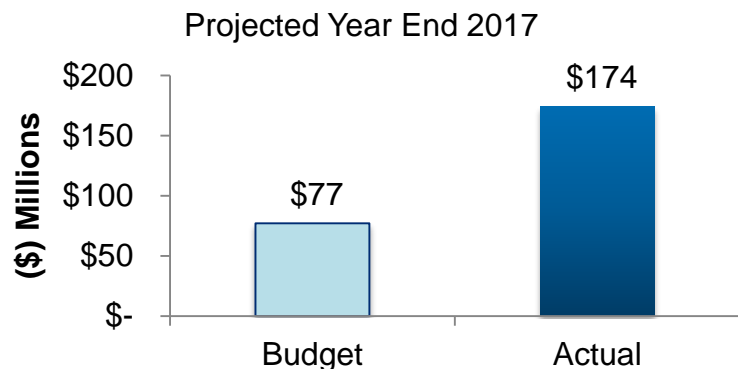
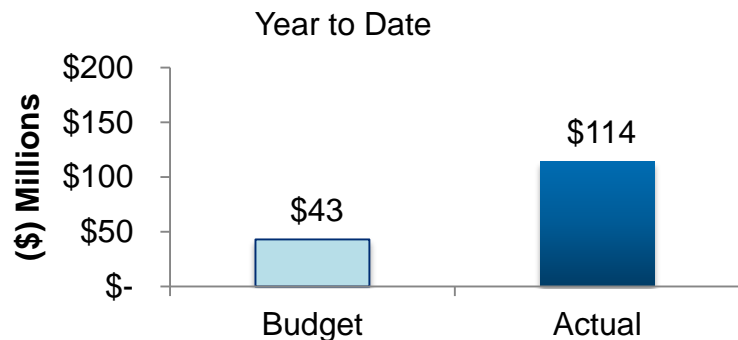


Chief Financial Officer Report

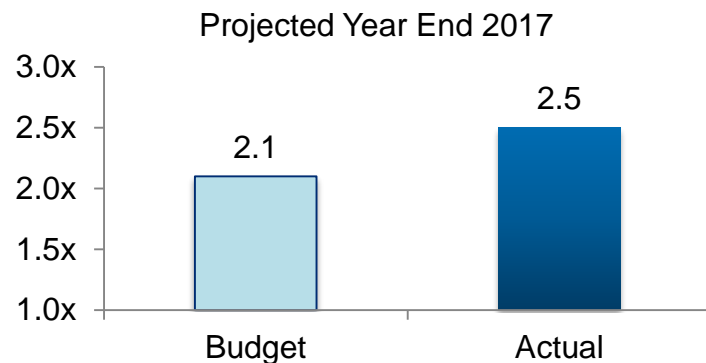
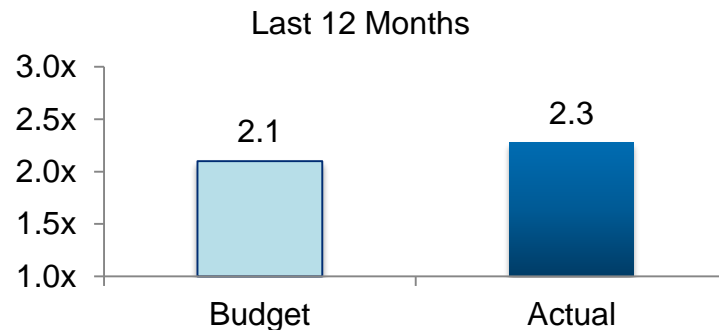
July 25, 2017

Financial Results – Consolidated NYPA and Canals

Net Income



Fixed Charge Coverage Ratio



2017 Year to Date as of June

(\$) in Millions

Budgeted YTD Net Income	\$ 43
Margin on Hydro Generation	25
HTP	9
Operating Expenses	32
Other	20
Projected YTD Net Income	\$114

2017 Changes Since Budget

(\$) in Millions

Budgeted YE Net Income	\$ 77
Margin on Hydro Generation	55
HTP	22
Other (including O&M on plan)	20
Projected YE Net Income	\$174

Range of potential net income results: \$135 MM to \$214 MM



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Utility Operations Report

Joseph Kessler, Chief Operating Officer

Performance Measures – YTD June 2017

Utility Operations



Generation Market Readiness

99.91% vs 99.40%
(actual vs target YTD)



Transmission Reliability

96.54% vs 95.51%
(actual vs target YTD)

NYPA Overall



Environmental Incidents

9 vs 16
(actual vs target YTD)



Dart Rate

0.69 vs 0.78
(actual vs target YTD)

Summer Preparedness

- Utility Operations has evaluated PM activities, equipment status, outage schedules etc. and verified summer preparedness.
- Company-wide summer preparedness review session was held with key stakeholders.
- Review and update existing NYPA and NYS Canal Corp. emergency management plans and procedures to ensure a comprehensive emergency preparedness program (in progress).

Canal Corporation Update

- YTD O&M spend is on target, whereas the Capital budget spend is underrunning, but expected to be on schedule this Fall
- Initial estimate of 2018 to 2022 capital spending is significant as asset condition and significant risks are better understood
- Many new Safe and Secure initiatives underway, including asset and work management, vessel replacement, yard clean-up, and vegetation management



Canal Corporation Update

- Higher precipitation levels have resulted in corresponding canal closures which were managed effectively
- New navigation season was implemented successfully and will reduce long-run costs
- Still working through significant Civil Services challenges to stand up permanent staff
- Transitional Service Agreement Exit Plans – 23 out of 42 have been exited to date and the remaining services are on track to exit in line with agreed plans



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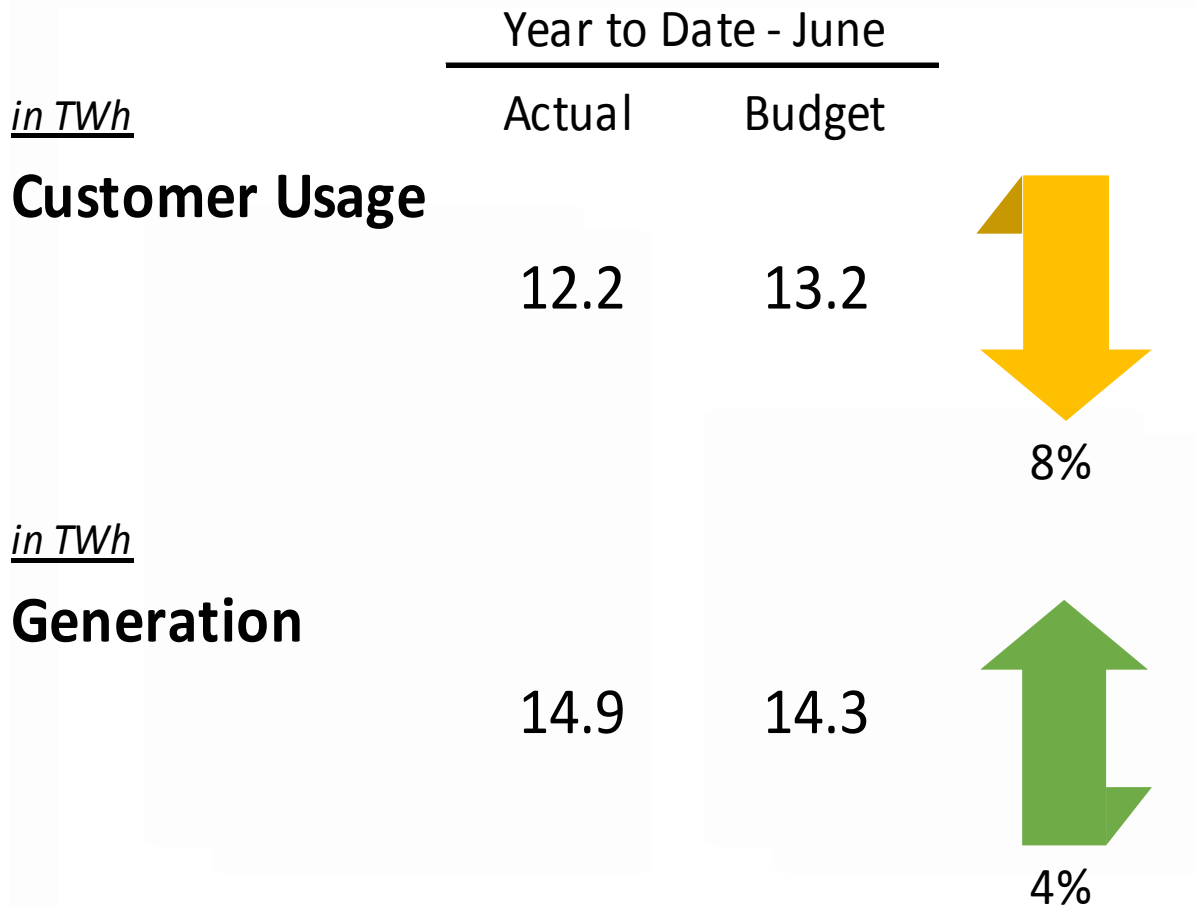
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Corporation**

Commercial Operations Report

Jill C. Anderson, Chief Commercial Officer

October 13, 2017

Commercial Ops: Wholesale



in \$/MWh

Electric Prices

Year to Date - June

Actual Budget

\$ 42.22 \$ 45.22

7%

in \$/MMBTU

Fuel Prices

(unit cost of fuel)

\$ 3.56 \$ 4.79

26%



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Commercial Ops: Economic Development



Business Development

- Smart Path Moses-Adirondack Reliability Project is moving forward to the next step in development
- Large-scale renewables RFP issued on June 2nd with bids due September 1st and awards expected in early 2018





Economic Development

Recharge NY: 744 MW out of 910 MW allocated

All programs: 395,272 jobs, \$32.7 Billion capital committed

** Balance does not include 24 MW being recommended for award today in Economic Development items*

Commercial Ops: Customer

	Year to Date - June		
<i>in millions</i>	Actual	Budget	
<i>Customer Investments</i>	90.7	59.4	 15%
Net NYPA Revenues	8.3	7.1	
<i>in millions</i>			
Operating Expenses	13.2	15.1	 13%



LED street lighting project in construction in Clarkstown

LED street lighting is growing, examples:

- Clarkstown saving \$900,000 annually
- Union saving \$350,000 annually
- White Plains saving \$670,000 annually

Retention-Based Allocations

Line	Company	City	County	Economic Development Region	IOU	Description	kW Request	kW Recommendation	Jobs Retained	Jobs Created	Capital Investment (\$)		Contract Term (years)
1	Carolina Eastern-Vail, Inc.	Salem	Washington	Capital District	NYSEG	Custom blending of fertilizer	81	40	19	0	\$1,000,000		7
	Capital District Sub-totals:							40	19	0	\$1,000,000		
2	Auburn Senior Services, Inc.	Auburn	Cayuga	Central New York	NYSEG	Rehabilitation and healthcare facility	433	140	244	29	\$286,000		7
3	Hartman Enterprises, Inc.	Oneida	Madison	Central New York	NGRID	Manufacturer of precision machined parts	232	116	35	0	\$400,000		
	Central New York Region Sub-totals:							256	279	29	\$686,000		
4	MVS Mailers, Inc.	Hauppauge	Suffolk	Long Island	LIPA	Full-service direct mail solutions	74	36	25	0	\$250,000		7
5	NYU Winthrop Hospital	Mineola	Nassau	Long Island	LIPA	University-affiliated hospital	4,244	1,410	2,350	0	\$40,000,000	(1)	7
	Long Island Region Sub-totals:							1,446	2,375	0	\$40,250,000		
6	Power Drives, Inc.	Buffalo	Erie	Western New York	NGRID	Manufacturer of hose & tube assemblies	201	100	75	0	\$5,875,000		7
	Western New York Region Sub-totals:							100	75	0	\$5,875,000		

Retention-Based Totals

1,842	2,748	29	\$47,811,000
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Expansion-Based Allocations

Line	Company	City	County	Economic Development Region	IOU	Description	kW Request	kW Recommendation (3)	Base Employment	Job Creation Commitment	Project Capital Investment (\$)		Contract Term (years)
7	LBI Software, Inc.	Melville	Suffolk	Long Island	LIPA	Software design and development	48	20	50	15	\$6,393,000	(4)	7
8	NYU Winthrop Hospital	Mineola	Nassau	Long Island	LIPA	University-affiliated hospital	1,250	416	2,350	120	\$97,000,000	(1), (2)	7
	Long Island Region Sub-totals:							436	50	135	\$103,393,000		
9	Empire State Greenhouses, LLC	Schoharie	Schoharie	Mohawk Valley	NGRID	Organic food production	360	180	0	25	\$9,000,000		7
	Mohawk Valley Region Sub-totals:							180	0	25	\$9,000,000		

Expansion-Based Totals

616	50	160	\$112,393,000
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Retention & Expansion-Based Totals

2,458	2,798	189	\$160,204,000
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- (1) These applicants are being recommended for both RNY retention and expansion-based allocations.
- (2) The number of new jobs committed will be above a base employment level specified in the applicant's retention-based allocation recommendation.
- (3) All expansion-based RNY Power allocations are recommended to be "up to" the amount indicated pending the applicant's compliance with contractual commitments, including commitments relating to job creation, capital investment spending and power utilization.
- (4) There will be a base employment level associated with the applicant's RNY expansion-based allocation.

APPLICATION SUMMARY
Replacement Power ("RP")

Company:	Flexo Transparent, LLC ("Flexo")
Project Location:	City of Buffalo
County:	Erie County
IOU:	National Grid
Business Activity:	Manufacturer of printed flexible packaging.
Project Description:	Flexo is planning to construct a new, 16,200-square-foot building and add a new, 10-color printing press, to increase production.
Existing Allocation(s):	380 kW RP allocation. Flexo Transparent is in compliance with its contractual obligations for this allocation.
Power Request:	500 kilowatts ("kW")
Power Recommended:	300 kW RP
Job Commitment:	
Base:	120 jobs
New:	At least 5 jobs
New Jobs/Power Ratio:	17 jobs/megawatts ("MW")
New Jobs - Avg. Wage and Benefits:	\$56,800
Capital Investment:	At least \$6.5 million
Capital Investment/MW:	\$21.67 million/MW
Other ED Incentives:	Empire State Development Capital Grant of \$150,000; Erie County Industrial Development Agency standard PILOT incentive and sales tax package; National Grid Capital Investment Incentive Grant; and additional support from the New York State Energy Research and Development Authority and National Fuel Gas Company.
Summary:	After hitting record sales in 2016, Flexo is looking at its fourth expansion project at its Buffalo facility in an effort to increase flexible packaging production by more than 25%. A state-local incentive package, that includes an allocation of low cost hydropower, will help Flexo meet its new production and sales goals, remain competitive nationally, and secure future growth in Western New York.

EXHIBIT A (6 customers)

NON-COMPLIANCE WITH JOB COMMITMENTS

RECOMMENDED FOR (1) REDUCTIONS IN ALLOCATION/CONTRACT DEMAND, AND (2) ADJUSTMENTS TO JOB AND/OR CAPITAL INVESTMENT COMMITMENTS

Republic Steel (Blasdell, Erie County)

Allocation:	7,400 kW of EP and 2,000 kW of RP
Contract Demand:	7,400 kW of EP and 2,000 kW of RP
Power Utilization:	98%
Capital Spending:	\$914,768 or 171%
Job Commitment:	276 jobs
Jobs Reported:	237 jobs, or 86%

Background:¹ Republic Engineered Products manufactures steel. This is the first time Republic Steel fell below its contractual job commitment. The company indicates that its employment has dropped below the commitment level due to a slowdown in business conditions and a down turn in the economy. The company provided job counts for the first quarter of 2017 which indicated no additional job growth.

Recommendation: *Staff recommends that the Trustees authorize a reduction in the EP allocation and the contract demand to not less than 7,150 kW, a reduction in the RP allocation and the contract demand to not less than 1,950 kW, and authorize an adjustment of the job commitment to not less than 237 jobs.*

(RHI) Monofrax, LTD (Falconer, Chautauqua County)*

Allocation:	1,500 kW of EP (effective 10/1/2016) ²
Contract Demand:	1,500 kW of EP (effective 10/1/2016)
Power Utilization:	100%
Capital Spending Commitment:	\$ \$692,978
Capital Spending:	\$580,967 or 84%
Job Commitment:	181 jobs (effective 10/1/2016)
Jobs Reported:	139 jobs, or 77% (confirmed based on audit)

Background: Monofrax, LTD manufactures ceramic castings used by the glass industry. In June 2016, Monofrax was sold to Callista Private Equity, an investment company based in Germany. The company did not receive new customer orders which led to an elimination of staff positions. Its capital investment budget for 2017 is projected to be higher than its 2016 spending.

The company was selected for an audit performed by NYPA through its third party auditor during the first quarter of 2017, and the audit confirmed employment to be at 139 jobs.

¹ Unless otherwise indicated, the discussion in each background section is based on information furnished by the customer.

² Whenever the discussion indicates that an allocation, contract demand or supplemental commitment is effective as of a date indicated, these matters were subject to modification during the reporting period as a result of previous compliance action or some other circumstance (e.g., voluntary reduction, operational changes).

Recommendation: *Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 1,350 kW, authorize an adjustment of the job commitment to not less than 139 jobs and authorize an adjustment to the capital investment commitment to not less than \$651,399.*

*This customer has also failed to meet its commitment for capital investment. See Exhibit E below. This recommendation accounts for all commitment shortcomings discussed in the Exhibits.

Saint Gobain Advanced (Structural) Ceramics LLC (Niagara Falls, Niagara County)*

Allocation:	4,850 kW of RP (effective 10/1/2016)
Contract Demand:	4,850 kW of RP (effective 10/1/2016)
Power Utilization:	3,970 kW or 82%
Capital Spending:	\$1,224,079 or 92%
Job Commitment:	147 jobs (effective 10/1/2016)
Jobs Reported:	114 jobs, or 78%

Background: Saint Gobain Advanced Ceramics produces boron nitride powder and solids. During 2016, Saint-Gobain Advanced Ceramics continued to feel the effects of a declining economy and the loss of a major customer which resulted in a loss of staff positions. The company provided job counts for the first quarter of 2017 which indicated no additional job growth. NYPA staff obtained power usage data for the first quarter of 2017 which also indicated no additional increase in power utilization. Saint Gobain has historically underutilized its allocation.

Recommendation: *Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 4,500 kW, and authorize an adjustment of the job commitment to not less than 114 jobs.*

*This customer has also failed to meet its commitment for power usage. See Exhibit C below. This recommendation accounts for all commitment shortcomings discussed in the Exhibits.

The Chemours Company FC, LLC (Niagara Falls, Niagara County)

Allocation:	5,000 kW of RP
Contract Demand:	5,000 kW of RP
Power Utilization:	100%
Capital Spending:	\$3,574,807 or 129%
Job Commitment:	195 jobs
Jobs Reported:	163 jobs, or 84%

Background: The Chemours Company manufactures chemical compounds. On November 30, 2015, Chemours announced that this facility would cease manufacturing operations by the end of 2016. Beginning in 2016, the company began a slow ramp down in production which is reflected in its reduced electrical consumption and employment numbers. Production stopped at the end of September 2016 and the workforce has been engaged in equipment decommissioning and decontamination. The company will inform NYPA when operations cease in the next few months.

Recommendation: *Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 4,700 kW, and authorize an adjustment of the job commitment to not less than 163 jobs.*

Washington Mills Tonawanda, Inc. (Tonawanda, Erie County)

Allocation:	300 kW of RP
Contract Demand:	300 kW of RP
Power Utilization:	94%
Capital Spending:	\$441,110 or 186%
Job Commitment:	38 jobs
Jobs Reported:	29 jobs, or 76%

Background: Washington Mills Tonawanda, Inc. is a manufacturer of abrasive products. The company states the refractory market, which supplies the steel industry, has been in decline since 2015. Washington Mills provided job counts for the first quarter of 2017 which indicated no additional job growth. The company is unable to forecast when operations might increase. The company did not meet its job commitment in the previous reporting period.

Recommendation: *Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 250 kW, and authorize an adjustment of the job commitment to not less than 29 jobs.*

Welded Tube USA, Inc. (Lackawanna, Erie County)

Allocation:	3,370 kW of EP
Contract Demand:	3,370 kW of EP
Power Utilization:	97%
Capital Spending:	Not Required per Contract
Jobs Committed:	121 jobs
Jobs Reported:	89 jobs, or 74% (confirmed based on audit)

Background: Welded Tube USA manufactures steel tubes. As of April 2017, additional employees will undergo full time training and job shadowing in preparation for summer production.

The company was selected for an audit performed by NYPA through its third party auditor during the first quarter of 2017, and the audit confirmed employment to be at 89 jobs.

Recommendation: *Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 2,870 kW, and authorize an adjustment of the job commitment to not less than 89 jobs.*

EXHIBIT B (7 customers)

NON-COMPLIANCE WITH JOB COMMITMENTS

RECOMMENDED FOR ADJUSTMENTS TO JOB COMMITMENTS

API Heat Transfer Inc. (Buffalo, Erie County)

Allocation:	250 kW of RP (effective 10/1/2016)
Contract Demand:	250 kW of RP (effective 10/1/2016)
Power Utilization:	100%
Capital Spending:	\$ 1,767,618 or 460%
Job Commitment:	299 jobs (effective 10/1/2016)
Jobs Reported:	238 jobs, or 80%

Background: API Heat Transfer, Inc. is a global leader in the design and manufacturing of a wide range of specialty heat exchangers and heat transfer solutions. The oil and gas market slowdown impacted API's sales in 2015 and 2016 causing reduced employment numbers. However, because the shortfall is relatively minor, the methodology used to calculate the reduction of contract demand and allocation does not result in a reduction of the contract demand and allocation.

Recommendation: *Staff recommends that the Trustees authorize an adjustment of the job commitment to not less than 238 jobs.*

CCL Label Inc. (Buffalo, Erie County)

Allocation:	250 kW of RP
Contract Demand:	250 kW of RP
Power Utilization:	94%
Capital Spending:	\$274,738 or 106%
Job Commitment:	124 jobs
Jobs Reported:	106 jobs, or 85%

Background: CCL Label Inc. is a global supplier of decorative, informational, and promotional labels to the world's largest consumer and healthcare companies. In 2016, CCL Label secured a new contract with a large retail supermarket in the north east. The agreement resulted in \$3 million in new sales. CCL Label anticipates this growth will result in a 3% growth in new positions. Because CCL Label's employment shortfall is relatively minor, the methodology used to calculate the reduction of contract demand and allocation does not result in a reduction of the contract demand and allocation.

Recommendation: *Staff recommends that the Trustees authorize an adjustment of the job commitment to not less than 106 jobs.*

Cliffstar LLC (Dunkirk, Chautauqua County)*

Allocation: 400 kW of EP (effective 10/1/2016)
Contract Demand: 400 kW of EP (effective 10/1/2016)
Power Utilization: 100%
Capital Spending Commitment: \$2,642,313 (effective 10/1/2016)
Capital Spending \$2,253,437 or 85%
Job Commitment: 517 jobs (effective 10/1/2016)
Jobs Reported: 428 jobs, or 83%

Background: Cliffstar, LLC is a private-label beverage manufacturer that was purchased by Cott Incorporated in 2010. The consolidation of the Cliffstar corporate office with the Cott corporate headquarters in Tampa negatively affected the Dunkirk campus headcount. Although Cliffstar's job count fell below its commitment, Cliffstar's production plant is expected to experience volume growth during the year 2017. In addition, because Cliffstar's shortfall is relatively minor, the methodology used to calculate the reduction of contract demand and allocation does not result in a reduction of the contract demand and allocation.

Recommendation: *Staff recommends that the Trustees authorize an adjustment of the job commitment to not less than 428 jobs.*

*This customer has also failed to meet its commitments for capital investment. See Exhibit E below. This recommendation accounts for all commitment shortcomings discussed in the Exhibits.

Lockheed Martin Corporation (Niagara Falls, Niagara County)

Allocation: 200 kW of RP
Contract Demand: 200 kW of RP
Power Utilization: 100%
Capital Spending: \$591,005 or 264%
Job Commitment: 39 jobs
Jobs Reported: 26 jobs, or 67%

Background: Lockheed Martin Corporation is a manufacturer of gravity gradiometer technology for the U.S. Navy and commercial use. The continued softness in the oil, gas and mineral markets have had a significant impact on its commercial customer markets. Current projections for 2017 are to hire 1-2 people. The company was noncompliant in the previous reporting period as well. However, because the shortfall is relatively minor, the methodology used to calculate the reduction of contract demand and allocation does not result in a reduction of the contract demand and allocation.

Recommendation: *Staff recommends that the Trustees authorize an adjustment of the job commitment to not less than 26 jobs.*

Mahle Behr Troy Inc. (Lockport, Erie County)

Allocation: 500 kW of EP and 1,000 kW RP
Contract Demand: 500 kW of EP and 1,000 kW RP
Power Utilization: 100% Based on NYPA load data
Capital Spending Commitment: Not Required per Contract
Job Commitment: 250 jobs
Jobs Reported: 208 jobs, or 83% (219 jobs or 88% used to calculate power reduction)

Background: Mahle Behr Troy Inc. manufactures engine and compressor components. 2016 is the first reporting period the company was required to report. Mahle reduced its headcount by 11 positions due to the implementation of efficiency measures, new equipment, and more efficient business/program management systems and design standards. Going forward, Mahle expects the HVAC product line will add headcount in Lockport, NY. Because the shortfall is relatively minor, the methodology used to calculate the reduction of contract demand and allocation does not result in a reduction of the contract demand and allocation.

Recommendation: *Staff recommends that the Trustees authorize an adjustment of the job commitment to not less than 208 jobs.*

Nuttall Gear Corporation (Niagara Falls, Niagara County)

Allocation:	350 kW of EP
Contract Demand:	350 kW of EP
Power Utilization:	100%
Capital Spending:	\$556,130 or 652%
Job Commitment:	108 jobs
Jobs Reported:	85 jobs, or 79%

Background: Nuttall Gear Corporation is a leading manufacturer of enclosed gear devices. For a second year in a row, Nuttall Gear worked with BOCES on an internship program to train and hire qualified CNC machinists. The company provided job counts for the first quarter of 2017 which indicated no additional job growth. However, because the shortfall is relatively minor, the methodology used to calculate the reduction of contract demand and allocation does not result in a reduction of the contract demand and allocation.

Recommendation: *Staff recommends that the Trustees authorize an adjustment of the job commitment to not less than 85 jobs.*

Stollberg, Inc. (Niagara Falls, Niagara County)

Allocation:	300 kW of EP
Contract Demand:	300 kW of EP
Power Utilization:	100%
Capital Spending Commitment:	\$165,500
Capital Spending:	\$1,759,761 or 1,063%
Job Commitment:	71 jobs
Jobs Reported:	58 jobs, or 82%

Background: Stollberg, Inc. makes castings for the steel industry. Administrative positions that were previously housed in Niagara Falls have been transferred to a facility in Roswell, GA. Stollberg remains committed to the manufacturing of Steel Casting Fluxes in Niagara Falls as reflected in substantial capital investments. Additionally, the Niagara Falls facility is recruiting to fill multiple open positions which may increase headcount in the near future. Because the employment shortfall is relatively minor, the methodology used to calculate the reduction of contract demand and allocation does not result in a reduction of the contract demand and allocation.

Recommendation: *Staff recommends that the Trustees authorize an adjustment of the job commitment to not less than 58 jobs.*

EXHIBIT C (6)

NON-COMPLIANCE WITH POWER UTILIZATION COMMITMENTS

**RECOMMENDED FOR (1) REDUCTIONS IN ALLOCATION/CONTRACT DEMAND, AND (2)
ADJUSTMENTS TO JOB COMMITMENTS**

Dunkirk Specialty Steel, LLC (Dunkirk, Chautauqua, Niagara County)

Allocation: 5,450 kW of EP (effective 10/1/2016)
Contract Demand: 5,450 kW of EP (effective 10/1/2016)
Power Utilization: 4,693 kW or 86% based on NYPA load data
Capital Spending: \$3,789,262 or 380%
Job Commitment: 169 jobs (effective 10/1/2016)
Jobs Reported: 246 jobs, or 146%

Background: Dunkirk Special Steel produces stainless and specialty steel products. Over the past 5 years, Dunkirk Specialty has underutilized its allocation. The company indicated it is unable to pinpoint one specific reason for the 2016 underutilization. The steel business and the markets in which it participates are very cyclical. Staff has obtained data for the first quarter of 2017 which indicates no additional increase in power utilization. Dunkirk does not expect its power utilization to change much over the balance of 2017.

Recommendation: *Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 5,250 kW, and authorize an adjustment to the job commitment to not less than 146 jobs.*

Metaullics Systems Co. L.P. (2050 Cory Rd Sanborn, Niagara County)

Allocation: 1,100 kW of EP (effective 9/1/2016) and 500 kW of RP
Contract Demand: 1,100 kW of EP (effective 9/1/2016) and 500 kW of RP
Power Utilization: 773 kW and 352 kW or 70% (83% kW based on NYPA load data)
Capital Spending: \$138,345 or 553%
Job Commitment: 32 jobs and 8 jobs respectively
Jobs Reported: 33 jobs, or 103% and 413% respectively

Background: Metaullics Systems is a specialty graphite business. The company has historically underutilized its allocation. The company has been working to replace lost business and operate to capacity. It is focusing on the growing demand for Lithium Ion batteries. Staff recently obtained current power utilization data for the first quarter of 2017 which indicates an upward trend to 83% utilization for that period. Staff will continue to monitor its power utilization over the course of the next reporting period.

Recommendation: *Staff recommends that the Trustees authorize a reduction in the EP allocation and contract demand to not less than 1,050 kW, no reduction in the RP allocation and authorize an adjustment of the job commitments to not less than 30 jobs and 7 jobs respectively.*

M&T Bank Corporation (Amherst, Erie County)

Allocation:	1,500 kW of EP (effective 4/1/2016)
Contract Demand:	1,500 kW of EP (effective 4/1/2016)
Power Utilization:	992 kW or 66%
Capital Spending:	Not Required per Contract
Jobs Commitment:	169 jobs
Jobs Reported:	5,925 jobs, or 3,506%

Background: M&T Bank Corporation is a data center and provides back office financial services. M&T Bank elected to reduce its allocation from 3,000 kW down to 1,500 kW due to lower than anticipated power needs. Staff obtained recent power utilization data for the first quarter of 2017 which indicates no additional increase in kW utilization. M&T Bank has historically underutilized its allocation. The company was noncompliant in the previous reporting period; however no compliance action was taken.

Recommendation: *Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to 1,150 kW, and authorize an adjustment of the job commitment to not less than 128 jobs.*

Saint Gobain Advanced (Structural) Ceramics LLC (Niagara Falls, Niagara County)*

Allocation:	4,850 kW of RP (effective 10/1/2016)
Contract Demand:	4,850 kW of RP (effective 10/1/2016)
Power Utilization:	3,970 kW or 82%
Capital Spending:	\$1,224,079 or 92%
Job Commitment:	147 jobs (effective 10/1/2016)
Jobs Reported:	114 jobs, or 78%

Background: See discussion under Exhibit A.

Recommendation: *Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 4,500 kW, and authorize an adjustment of the job commitment to not less than 114 jobs.*

*This customer also failed to meet its commitment for jobs. See Exhibit A above. The recommendation stated accounts for all commitment shortcomings discussed in the Exhibits.

TAM Ceramics Group of NY, LLC (Niagara Falls, Niagara County)

Allocation:	6,550 kW of RP (effective 10/1/2016) and 500 kW of EP
Contract Demand:	6,550 kW of RP (effective 10/1/2016) and 500 kW of EP
Power Utilization:	5,010 kW and 380 kW or 76%
Capital Spending:	\$1,199,304 or 496%
Job Commitment:	93 jobs (effective 10/1/2016)
Jobs Reported:	86 jobs, or 90%

Background: TAM Ceramics Group of NY, LLC develops and produces titanium products and zirconium ceramic powders. The company expects to exceed its contractual commitment by implementing two new manufacturing processes by the end of 2017. Staff obtained power utilization data for the first quarter of

2017 which indicated no additional increase in kW utilization. The company has historically underutilized its allocation.

Recommendation: *Staff recommends that the Trustees authorize a reduction in the RP allocation and contract demand to not less than 5,650 kW, a reduction in the EP allocation and contract demand to not less than 450 kW, and authorize an adjustment of the job commitment to not less than 71 jobs.*

Washington Mills Electro Minerals Corporation (Niagara Falls, Niagara County)

Allocation:	6,150 kW of RP (effective 10/1/2016)
Contract Demand:	6,150 kW of RP (effective 10/1/2016)
Power Utilization:	5,127 kW or 83%
Capital Spending:	\$1,982,334 or 134%
Job Commitment:	69 jobs (effective 10/1/2016)
Jobs Reported:	108 jobs, or 157%

Background: Washington Mills Electro Minerals Corporation makes abrasive grains for sandpaper and grinding wheels. Overall tonnage sold was down 3% due to softened economic conditions in steel and industrial use. Certain segments of its business related to energy were down by 31%. Staff obtained power utilization data for the first quarter of 2017 which indicated no additional increase in kW utilization. Washington Mills Electro has historically underutilized its allocation.

Recommendation: *Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to 5,750 kW, and authorize an adjustment to the job commitment to not less than 58 jobs.*

EXHIBIT D (1 customer)

NON-COMPLIANCE WITH POWER UTILIZATION COMMITMENT

RECOMMENDED FOR ADJUSTMENT TO CAPITAL INVESTMENT COMMITMENT

1. Ceres Crystal Industries Inc. (Niagara Falls, Niagara County)*

Allocation: 2,600 kW of RP (effective 6/1/2016)
Contract Demand: 2,600 kW of RP (effective 6/1/2016)
Power Utilization: 2,075 kW or 80% (100 kW used for evaluation)
Capital Spending Commitment: \$200,000
Capital Spending: \$59,935, or 30%
Jobs Commitment: 35 jobs (effective 6/1/2016)
Jobs Reported: 35 jobs, or 100%

Background: Ceres Crystal Industries Inc. is a manufacturer of zirconia crystal export for jewelry applications. At the end of October 2016, Ceres' raw materials vendor experienced licensing issues. This licensing problem resulted in a production delay for Ceres until February 2017. Staff has obtained power utilization data for the first quarter of 2017 which indicates Ceres is now utilizing 100% of its allocation. Staff will continue to monitor its kW utilization over the course of the next reporting period. In addition, Ceres underwent a contract modification in 2016 to reduce its allocation from 4 MW down to 2.6 MW. However, an adjustment to its capital spending commitment was not made at that time that would align the capital investment commitment with the new allocation, contract demand and job commitment.

Recommendation: *Staff recommends that no reduction in the allocation or contract demand be made, no adjustment to the job commitment be made, and the Trustees authorize an adjustment to the capital investment commitment to not less than \$80,000 to align with the contract modifications made in 2016.*

*This customer has also failed to meet its commitments for capital spending. See Exhibit E below. The recommendation accounts for all commitment shortcomings discussed in the Exhibits.

EXHIBIT E (4 customers)

NON-COMPLIANCE WITH CAPITAL INVESTMENT COMMITMENTS

RECOMMENDED FOR (1) REDUCTIONS IN ALLOCATION/CONTRACT DEMAND, AND (2) ADJUSTMENTS TO JOB COMMITMENTS AND/OR CAPITAL INVESTMENT COMMITMENTS

Ceres Crystal Industries Inc. (Niagara Falls, Niagara County)*

Allocation: 2,600 kW of RP (effective 10/1/2016)
Contract Demand: 2,600 kW of RP (effective 10/1/2016)
Power Utilization: 2,075 kW or 80% (100 kW used for evaluation)
Capital Spending Commitment: \$200,000
Capital Spending: \$59,935, or 30%
Jobs Commitment: 35 jobs (effective 6/1/2016)
Jobs Reported: 35 jobs, or 100%

Background: See discussion under Exhibit D.

Recommendation: *Staff recommends that the Trustees authorize no reduction in the allocation or contract demand, no reduction of the job commitment, and authorize an adjustment to the capital investment commitment to not less than \$80,000 to correspond with the contract modifications made in 2016.*

*This customer has also failed to meet its commitments for capital spending. See Exhibit D above. This recommendation accounts for all commitment shortcomings discussed in the Exhibits.

Cliffstar LLC (Dunkirk, Chautauqua County)*

Allocation: 400 kW of EP (effective 10/1/2016)
Contract Demand: 400 kW of EP (effective 10/1/2016)
Power Utilization: 100%
Capital Spending Commitment: \$2,642,313 (effective 10/1/2016)
Capital Spending: \$2,253,437 or 85%
Job Commitment: 517 jobs (effective 10/1/2016)
Jobs Reported: 428 jobs, or 83%

Background: See discussion under Exhibit B.

Recommendation: *Staff recommends that the Trustees authorize an adjustment of the job commitment to not less than 428 jobs. No adjustment to the allocation and contract demand is recommended because the methodology used to calculate reduction of contract demand and allocation does not result in a reduction.*

*This customer also failed to meet its commitment for jobs. See Exhibit B above. The recommendation stated accounts for all commitment shortcomings discussed in the Exhibits.

(RHI) Monofrax, LTD (Falconer, Chautauqua County)*

Allocation: 1,500 kW of EP (effective 10/1/2016)
Contract Demand: 1,500 kW of EP (effective 10/1/2016)
Power Utilization: 100%
Capital Spending Commitment: \$692,978
Capital Spending: \$580,967 or 84% (confirmed based on audit)
Job Commitment: 181 jobs (effective 10/1/2016)
Jobs Reported: 139 jobs, or 77%

Background: See discussion under Exhibit A.

Recommendation: *Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 1,350 kW, authorize an adjustment of the job commitment to not less than 139 jobs and authorize an adjustment to the capital investment commitment to not less than \$651,399.*

*This customer has also failed to meet its commitments for jobs. See Exhibit A above. The recommendation accounts for all commitment shortcomings discussed in the Exhibits.

Niagara Sheets LLC (Wheatfield, Niagara County)

Allocation: 850 kW of RP
Contract Demand: 850 kW of RP
Power Utilization: 100%
Capital Spending Commitment: \$ 1,000,000
Capital Spending: \$366,283 or 37% (confirmed based on audit)
Job Commitment: 70 jobs
Jobs Reported: 96 jobs or 137% (confirmed based on audit)

Background: Niagara Sheets, LLC manufactures corrugated paper sheets. The company did not meet its capital spending commitment. The company was selected for an audit performed by NYPA through its third party auditor during the first quarter of 2017, and the audit confirmed the capital investment commitment was not met.

Recommendation: *Staff recommends that the Trustees authorize a reduction in the allocation and contract demand to not less than 400 kW, and authorize an adjustment to the job commitment to not less than 26 jobs and capital investment commitment to not less than \$470,000.*

EXHIBIT F (4 customers)

NON-COMPLIANCE WITH SUPPLEMENTAL COMMITMENTS

**NOT RECOMMENDED FOR (1) REDUCTIONS IN ALLOCATION/CONTRACT DEMAND, OR
(2) ADJUSTMENTS TO JOB OR CAPITAL INVESTMENT COMMITMENTS**

A) Power Utilization Commitments

GM Components Holdings LLC (Lockport, Niagara County)

Allocation:	19,950 kW of EP (effective 10/1/2016)
Contract Demand:	19,950 kW of EP (effective 10/1/2016)
Power Utilization:	16,890 kW or 85%
Capital Spending:	\$5,332,268 or 103%
Jobs Commitment:	779 jobs (effective 10/1/2016)
Jobs Reported:	1,434 jobs, or 184%

Background: GM Components Holdings manufactures automotive compressors. This is the second year GM fell below its kW utilization commitment. Its highest 6 months of load occurs during the winter months (November through April). During the winter months, more energy is required to get its braze furnaces up to operating temperatures. Winter months in 2016 were much warmer than the historic average by about 9%. The company believes the unusually warm winter dropped load utilization considerably. Staff will monitor its kW utilization over the course of the next reporting period to better gauge the company's long-term kW usage.

Recommendation: *Staff recommends no formal compliance action at this time.*

Maclean Curtis, L.L.C. (Buffalo, Erie County)

Allocation:	1,750 kW of RP
Contract Demand:	1,750 kW of RP
Power Utilization:	1,528 kW or 87%
Capital Spending:	\$3,600,604 or 331%
Jobs Commitment:	150 jobs
Jobs Reported:	182 jobs, or 121%

Background: Maclean Curtis, LLC manufactures precision machined parts. The shortfall of its power usage is due to the delay in a ramp up of new business with the automakers. A portion of the ramp up has increased power utilization over the last year as indicated by the increase from 84% to 87%. Staff has obtained power usage data for the first quarter 2017 which indicates an increase in power utilization to a level that would bring it into compliance. Staff will continue to monitor MacLean Curtis' power utilization over the course of the next reporting period.

Recommendation: *Staff recommends no formal compliance action at this time.*

B) Capital Investment Commitments

Rosina Food Products, Inc.-Cheektowaga (Buffalo, Erie County)

Allocation: 350 kW of EP
Contract Demand: 350 kW of EP
Power Utilization: 100%
Capital Spending Commitment: \$816,581
Capital Spending: \$663,797 or 81%
Job Commitment: 141 jobs
Jobs Reported: 271 jobs, or 192%

Background: Rosina Food Products, Inc. manufactures frozen Italian food specialties. The company's allocation was reduced in July 2015 from 600 kW to 350 kW due to non-compliance with its capital investment commitment during the 2014 reporting period. Rosina stated its spending shortfall over the past few years was due to poor operating results, primarily due to extremely high commodity costs. Rosina's capital spending trended upward this reporting period due to capital investments in its facility totaling \$894,314. This single year investment compares to 110% of its capital spending commitment. Staff will continue to monitor Rosina's capital spending. In addition, because the shortfall is relatively minor, the methodology used to calculate the reduction of contract demand and allocation does not result in a reduction of the contract demand and allocation.

Recommendation: Staff recommends no formal compliance action at this time.

C) No Contract Demand / WNY Power Allocation Reduction Calculated/Required

Delaco AMTB, LLC. (Tonawanda, Erie County)

Allocation: 100 kW of RP (effective 10/1/2016)
Contract Demand: 100 kW of RP (effective 10/1/2016)
Power Utilization: 100%
Capital Spending Commitment: \$227,950 (effective 10/1/2016)
Capital Spending: \$179,429 or 77%
Job Commitment: 7 jobs (effective 10/1/2016)
Jobs Reported: 12 jobs, or 171%

Background: Delaco AMTB produces laser welding automobile parts. This is the third year Delaco has not met its capital commitment threshold. Delaco AMTB planned major capital improvements to its operations in 2016, however business conditions and lead times in new equipment deliveries delayed completion of one of its major investments. The company states that in the year 2017 it will upgrade its laser welding lines to incorporate new, more efficient and cost effective fiber optic laser heads. Capital investment for 2017 is scheduled to exceed \$500,000 and the company has provided current purchase orders to substantiate this. In addition, 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 no formal compliance action at this time.

EXHIBIT G: SUMMARY OF EXHIBITS A-F

EXHIBIT G

Non-Compliance with Job Commitments – Recommended For (1) Reductions in Allocation/Contract Demand, And Adjustments to Job And/Or Capital Investment Commitments (A)

Customer Legal Name	Allocation (kW)	Employment Commitment (# of Jobs)	Jobs Reported	Jobs Compliance %	Revised Commitments		Reductions		Physical City	County
					kW	Jobs	kW	Jobs		
Republic Steel	9,400	276	237	86	9,100	237	300	39	Blasdell	Erie
Monofrax, LTD	1,500	181	139	77	1,350	139	150	42	Falconer	Chautauqua
Saint-Gobain Advanced Ceramics LLC	4,850	147	114	78	4,500	114	350	33	Niagara Falls	Niagara
The Chemours Company FC, LLC	5,000	195	163	84	4,700	163	300	32	Niagara Falls	Niagara
Washington Mills Tonawanda, Inc.	300	38	29	76	250	29	50	9	Tonawanda	Erie
Welded Tube USA, Inc.	3,370	121	89	74	2,870	89	500	32	Lackawanna	Erie
					TOTALS:		1,650	187		

* Monofrax and Saint-Gobain non compliant in 2 criteria

Non-Compliance with Job Commitments – Recommended For Adjustments to Job Commitments (B)

Customer Legal Name	Allocation (kW)	Employment Commitment (# of Jobs)	Jobs Reported	Jobs Compliance %	Revised Commitments		Reductions		Physical City	County
					kW	Jobs	kW	Jobs		
API Heat Transfer Inc.	250	299	238	80	250	238	0	61	Buffalo	Erie
CCL Label (Buffalo), Inc.	250	124	106	85	250	106	0	18	Buffalo	Erie
Cliffstar LLC	400	517	428	83	400	428	0	89	Dunkirk	Chautauqua
Lockheed Martin Corporation	200	39	26	67	200	26	0	13	Niagara Falls	Niagara
Mahle Behr Troy Inc.	1,500	250	208	83	1,500	208	0	42	Lockport	Erie
Nuttall Gear Corporation	350	108	85	79	350	85	0	23	Niagara Falls	Niagara
Stollberg, Inc.	300	71	58	82	300	58	0	13	Niagara Falls	Niagara
					TOTALS:		0	259		

* Cliffstar noncompliant in 2 criteria

Non-Compliance with Power Utilization Commitments – Recommended For (1) Reductions in Allocation/Contract Demand, And (2) Adjustments to Job Commitments (C)

Customer Legal Name	Allocation (kW)	Employment Commitment (# of Jobs)	Usage Reported	Usage Compliance %	Revised Commitments		Reductions		Physical City	County
					kW	Jobs	kW	Jobs		
Dunkirk Specialty Steel, LLC	5,450	169	4,693	86	5,250	146	200	23	Dunkirk	Chautauqua
Metaullics Systems Co. L.P.	1,600	40	1,125	70	1,550	37	50	3	Sanborn	Niagara
M&T Bank Corporation	1,500	169	992	66	1,150	128	350	41	Amherst	Erie
Saint-Gobain Advanced Ceramics LLC	4,850	147	3,970	82	4,500	114	350	33	Niagara Falls	Niagara
TAM Ceramics Group of NY, LLC	7,050	93	5,390	76	6,100	71	950	22	Niagara Falls	Niagara
Washington Mills Electro Minerals Corporation	6,150	69	5,127	83	5,750	58	400	11	Niagara Falls	Niagara
					TOTALS:		2,300	133		

* Saint-Gobain non compliant in 2 criteria

EXHIBIT G: SUMMARY OF EXHIBITS A-F

EXHIBIT G

Non-Compliance with Power Utilization Commitment – Recommended For Adjustment to Capital Investment Commitment (D)

Customer Legal Name	Allocation (kW)	Employment Commitment (# of Jobs)	Capital Investment Commitment	Capital Investment Reported	Capital Investment Compliance %	Revised Commitments			Reductions			Physical City	County
						kW	Jobs	Capital Investment	kW	Jobs	Capital Investment		
Ceres Crystal Industries Inc.	2,600	35	\$200,000	\$59,935	30%	2600	35	\$80,000	0	0	\$120,000	Niagara Falls	Niagara

* Ceres Crystal non compliant in 2 criteria

Non-Compliance with Capital Investment Commitments – Recommended For (1) Reductions in Allocation/Contract Demand, And (2) Adjustments to Job Commitments And/Or Capital Investment Commitments (E)

Customer Legal Name	Allocation	Employment Commitment (# of Jobs)	Jobs - Reported	Jobs Compliance %	Usage Reported	Usage Compliance %	Annual Capital Investment Commitment	Annual Capital Investment Reported	Capital Investment % Achieved	Revised Commitments			Reductions			Physical City	County
										kW	Jobs	Capital Investment	kW	Jobs	Capital Investment		
Ceres Crystal Industries Inc.	2,600	35	35	100	2075	80	\$ 200,000	\$ 59,935	30	2600	35	\$ 80,000	0	0	\$ 120,000	Niagara Falls	Niagara
Cliffstar LLC	400	517	428	83	471	100	\$ 2,642,313	\$ 2,253,437	85	400	428	\$ 2,642,313	0	89	\$ -	Dunkirk	Chautauque
Monofrax, LTD	1,500	181	139	77	1617	100	\$ 692,978	\$ 580,967	84	1350	139	\$ 651,399	150	42	\$ 41,579	Falconer	Chautauque
Niagara Sheets LLC	850	70	96	137	850	100	\$ 1,000,000	\$ 366,283	37	400	33	\$ 470,000	450	37	\$ 530,000	Wheatfield	Niagara
Total													450	37	\$ 691,579		

* Ceres Crystal, Cliffstar, Monofrax noncompliant in 2 criteria

Reported Non-Compliance With Supplemental Commitment – Not Recommended for (1) Reductions in Allocation/Contract Demand, Or (2) Adjustments to Job or Capital Investment Commitments (F)

a) Power Utilization Commitments

Customer Legal Name	Allocation (kW)	Employment Commitment (# of Jobs)	Capital Investment Commitment	Usage Compliance %	Revised Commitments			Reductions			Physical City	County
					kW	Jobs	Capital Investment	kW	Jobs	Capital Investment		
GM Components Holdings, LLC	19,950	779	\$ 5,165,233	85	19,950	779	\$ 5,165,233	0	0	\$ -	Lockport	Niagara
Maclean Curtis, L.L.C.	1,750	150	\$ 1,088,196	87	1,750	150	\$ 1,088,196	0	0	\$ -	Buffalo	Erie

b) Capital Investment Commitments

Customer Legal Name	Allocation (kW)	Employment Commitment (# of Jobs)	Capital Investment Commitment	Capital Investment Reported	Capital Investment Compliance %	Revised Commitments			Reductions			Physical City	County
						kW	Jobs	Capital Investment	kW	Jobs	Capital Investment		
Rosina Food Products, Inc.	350	141	\$816,581	\$ 663,797	81%	350	141	\$816,581	0	0	0	Buffalo	Erie

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

Customer Legal Name	Allocation (kW)	Employment Commitment (# of Jobs)	Jobs - Reported	Jobs Compliance %	Usage Reported	Usage Compliance %	Annual Capital Investment Commitment	Annual Capital Investment Reported	Capital Investment Compliance %	Revised Commitments			Reductions			Physical City	County
										kW	Jobs	Capital Investment	kW	Jobs	Capital Investment		
Delaco AMTB, LLC	100	7	12	171	321	100	\$ 227,950	\$ 176,429	77	100	7	\$ 227,950	0	0	\$ -	Tonawanda	Erie

Total kW Reduction	4,050
Total Job Reduction	582
Total Capital Investment Reduction	\$691,579

Proc Awards Exh A

Procurement (Services) and Other Contracts – Awards
(For Description of Contracts See "Discussion")

EXHIBIT "A"
July 25, 2017

<u>Plant Site</u>	<u>Company Contract #</u>	<u>Start of Contract</u>	<u>Description of Contract</u>	<u>Closing Date</u>	<u>Award Basis¹ Contract Type²</u>	<u>Compensation Limit</u>	<u>Amount Expended To Date</u>	<u>Expected Expenditures For Life Of Contract</u>
HR & ESS - HR & ORGANI- ZATIONAL DEVELOPMENT - RECRUITING	DATROSE ♦ Webster, NY (Q16-6125MR ; PO# TBA)	04/01/17 (on or about)	Provide for permanent staffing search services (approval sought due to lack of quorum at previous meeting)	03/31/22 * * coterminous for all 14 con- tracts, regard- less of indivi- dual start date	B/P			\$1,500,000*
*Note: represents aggregate total for up to 5-year term for 14 vendors proposed through Q16-6125MR								
HR & ESS - ENTERPRISE SHARED SERVICES	GOMEZ AND SULLIVAN ENGINEERS, DPC Williamsville, NY (Q17-6137SG ; PO# 4600003316)	06/01/17	Provide for vegetation inventories for NYPA transmission rights-of-way	05/31/21	B/P	\$152,000		\$1,500,000*
*Note: represents aggregate total for up to 4-year term including the interim award amount of \$152,000								
UTILITY OPERATIONS - CONSTRUCTION SERVICES / NIAGARA PROJECT	FERGUSON ELECTRIC CONSTRUCTION CO, INC Buffalo, NY (Q15-6145SR ; PO# 4500287044)	06/29/17 (on or about)	Provide for construction services for demolition of existing equipment and installation of new equipment at Niagara Project	06/28/20	B/C	\$500,000		\$26,135,865*
*Note: represents aggregate total for up to 3-year term including the interim award amount of \$500,000								
UTILITY OPERATIONS - POWER SUPPLY - TECHNICAL COMPLIANCE- NIAGARA PROJECT	FISHER ASSOCIATES Rochester, NY (N17-20115322GJ ; PO# TBA)	08/01/17 (on or about)	Provide for SPDES monitoring, sampling and reporting services at the Niagara Project	07/31/21	B/P			\$150,000*
*Note: represents total for up to 4-year term								
UTILITY OPERATIONS - PROJECT MANAGEMENT - BG	HATCH ASSOCIATES CONSULTANTS Amherst, NY (Q16-6165JM ; PO# 4500287026)	07/05/17	Provide for A/E, design and construction support services for the BG Control Room Upgrades	07/04/20	B/P	\$76,400		\$240,490*
*Note: represents aggregate total for up to 3-year term including the interim award amount of \$76,400								

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Proc Awards Exh A

Procurement (Services) and Other Contracts – Awards
(For Description of Contracts See "Discussion")

EXHIBIT "A"
July 25, 2017

<u>Plant Site</u>	<u>Company Contract #</u>	<u>Start of Contract</u>	<u>Description of Contract</u>	<u>Closing Date</u>	<u>Award Basis¹ Contract Type²</u>	<u>Compensation Limit</u>	<u>Amount Expended To Date</u>	<u>Expected Expenditures For Life Of Contract</u>
UTILITY OPERATIONS - PROJECT MANAGEMENT - STL	HATCH ASSOCIATES CONSULTANTS Amherst, NY (Q17-6166JM; PO# 4500287049)	07/05/17	Provide for A/E, design and construction support services for the STL Control Room Upgrades	07/04/20	B/P	\$100,000		\$284,867*
						*Note: represents aggregate total for up to 3-year term including the interim award amount of \$100,000		
UTILITY OPERATIONS - MAINTENANCE AND REPAIR - SENY	RIGGIO VALVE Bayonne, NJ (A17-171261JR; PO# TBA)	08/01/17 (on or about)	Provide for valve maintenance and repair services for the SENY Region	07/31/22	B/S			\$5,000,000*
						*Note: represents total for up to 5-year term		
UTILITY OPERATIONS - PROJECT MANAGEMENT - BG	HATCH ASSOCIATES CONSULTANTS Amherst, NY (Q17-6165JM; PO# 4500286836)	06/23/17	Provide for A/E, and design services for the BG Upper Complex Renovation/Conversion Project	06/22/20	B/P	\$130,570		\$662,880*
						*Note: represents aggregate total for up to 3-year term including the interim award amount of \$130,570		
UTILITY OPERATIONS - POWER SUPPLY - TECHNICAL COMPLIANCE- SENY REGION	CORE ENVIRONMENTAL CONSULTANTS, INC. ♦ Buffalo, NY Q17-6172JR; PO# TBA)	10/01/17	Provide for SPDES monitoring, sampling and reporting services for the SENY Region	09/30/22	B/P			\$750,000*
						*Note: represents total for up to 5-year term		

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Proc Awards Exh A

Procurement (Services) and Other Contracts – Awards
(For Description of Contracts See "Discussion")

EXHIBIT "A"
July 25, 2017

<u>Plant Site</u>	<u>Company Contract #</u>	<u>Start of Contract</u>	<u>Description of Contract</u>	<u>Closing Date</u>	<u>Award Basis¹ Contract Type²</u>	<u>Compensation Limit</u>	<u>Amount Expended To Date</u>	<u>Expected Expenditures For Life Of Contract</u>
PROJECT AND BUSINESS DEVELOPMENT	BERNIER, CARR AND ASSOCIATES, P.C. Watertown, NY (Q17-6187JR; PO# 4600003322)	07/01/17	Provide construction management and design services pertaining to STL relicensing	06/30/22	B/P	\$70,000		\$1,700,000*
*Note: represents aggregate total for up to 5-year term including the interim award amount of \$70,000								
ENERGY SERVICES IMPLEMENTATION	TRC ENGINEERS, INC. Hawthorne, NY (Q17-6177LW; PO# 4500286979)	08/01/17 (on or about)	Provide for development of detailed technical design of microgrid for the Town of Huntington, Suffolk Co.	07/31/19	Si/P	\$150,000		\$813,333*
*Note: represents aggregate total for up to 2-year term including the interim award amount of \$150,000								
INTERNAL AUDIT	DANNIBLE & MCKEE, LLP Syracuse, NY (Q17-6141JMT; PO# TBA)	08/01/17 (on or about)	Provide for performance of customer compliance audits of participants in Economic Development Power Programs	07/31/22	B/P			\$577,500*
*Note: represents total for up to 5-year term								

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Procurement (Services) Contracts – Extensions and/or Additional Funding
(For Description of Contracts See "Discussion")

EXHIBIT "B"
July 29, 2017

<u>Plant Site/ Bus. Unit</u>	<u>Company Contract #</u>	<u>Start of Contract</u>	<u>Description of Contract</u>	<u>Closing Date</u>	<u>Award Basis¹ Contract Type²</u>	<u>Compensation Limit</u>	<u>Amount Expended To Date</u>	<u>Authorized Expenditures For Life Of Contract</u>
LAW	BAKER BOTTS LLP Houston, TX 4500274819	05/17/16	Provide for legal services in connection with the Competitive Power Venture's Valley Energy Center action.	05/17/19	Si/L	\$750,000	\$428,362	\$750,000*
						*Note: includes original award amount of \$350,000 + an additional \$400,000 authorized per the EAPs NO ADDITIONAL FUNDING REQUESTED		
LAW	FRIED FRANK HARRIS SHRIVER JACOBSON LLP New York, NY 4500273466	05/25/16	Provide for legal services in connection with the Competitive Power Venture's Valley LLC action.	05/25/19	Si/L	\$750,000	\$410,301	\$750,000*
						*Note: includes original award amount of \$250,000 + an additional \$500,000 authorized per the EAPs NO ADDITIONAL FUNDING REQUESTED		
ENERGY EFFICIENCY	PARSONS BRINCKERHOFF INC New York, NY 4600002135	07/01/09	Provide for program management and implementation services for NYPA's GCESP	12/31/19	B/S	\$99 Million	\$93.6 Million	\$99 Million*
						*Note: represents approved original amount for Parsons; aggregate approved GCESP contracts was \$300 Million. NO ADDITIONAL FUNDING REQUESTED		
ENERGY EFFICIENCY	RCM TECHNOLOGIES INC Pennsauken, NJ 4600001946	06/01/08	Provide for program management and implementation services for NYPA's GCESP	12/31/19	B/S	\$195 Million	\$140.1 Million	\$195 Million*
						*Note: represents approved original amount for RCM aggregate approved GCESP contracts was \$700 Million. NO ADDITIONAL FUNDING REQUESTED		
ENERGY EFFICIENCY	15 awards	01/01/13	Provide for program management, energy audit, and construction trade management services	various	B/S	\$750 Million		\$1.05 Billion*
						*Note: represents approved original amount of \$750 Million plus the requested additional amount of \$300 Million.		
	1. BURNS ENGINEERING INC Philadelphia, PA 4600002639	01/01/13		12/31/18				

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Procurement (Services) Contracts – Extensions and/or Additional Funding
(For Description of Contracts See "Discussion")

EXHIBIT "B"
July 29, 2017

<u>Plant Site/ Bus. Unit</u>	<u>Company Contract #</u>	<u>Start of Contract</u>	<u>Description of Contract</u>	<u>Closing Date</u>	<u>Award Basis¹ Contract Type²</u>	<u>Compensation Limit</u>	<u>Amount Expended To Date</u>	<u>Authorized Expenditures For Life Of Contract</u>
ENERGY EFFICIENCY	2. EME CONSULTING New York, NY 4600002636	01/01/13	Provide for program management, energy audit, and construction trade management services	12/31/18		\$750 Million		\$1.05 Billion*
	3. KSW MECHANICAL SERVICES INC Long Island City, NY 4600002628	01/01/13		12/31/18				
	4. WILLDAN ENERGY SOLUTIONS INC Long Island City, NY 4600002638	01/01/13		12/31/18				
	5. FULCRUM GROUP INC Keller, TX 4600002631	01/01/13		12/31/19				
	6. OBRIEN & GERE LTD Syracuse, NY 4600002633	01/01/13		12/31/19				
	7. RCM TECHNOLOGIES Pennsauken, NJ 4600002644	01/01/13		12/31/19				
	8. SOURCE ONE TECH SOLUTIONS LLC Branchburg, NJ 46000026439	01/01/13		12/31/19				

*Note: represents approved original amount of \$750 Million
plus the requested additional amount of \$300 Million.

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Procurement (Services) Contracts – Extensions and/or Additional Funding
(For Description of Contracts See "Discussion")

EXHIBIT "B"
July 29, 2017

<u>Plant Site/ Bus. Unit</u>	<u>Company Contract #</u>	<u>Start of Contract</u>	<u>Description of Contract</u>	<u>Closing Date</u>	<u>Award Basis¹ Contract Type²</u>	<u>Compensation Limit</u>	<u>Amount Expended To Date</u>	<u>Authorized Expenditures For Life Of Contract</u>
ENERGY EFFICIENCY	9. STV INC New York, NY 4600002648	01/01/13	Provide for program management, energy audit, and construction trade management services	12/31/19		\$750 Million		\$1.05 Billion*
	10. WENDEL ENERGY SERVICES LLC Long Island City, NY 4600002637	01/01/13		12/31/19				
	11. CDM CONSTRUCTORS Boston, MA 4600002635	01/01/13		12/31/20				
	12. ECOSYSTEM / LIRO ENERGY GROUP Jersey City, NJ 4600002646	01/01/13		12/31/20				
	13. GUTH DECONZO CONSULTING ENG Troy, NY 4600002632	01/01/13		12/31/20				
	14. ARCADIS Highlands Ranch, CO 4600002655	01/01/13		12/31/22				
	15. SAVIN ENGINEERS PC ♦ Pleasantville, NY 46000026442	01/01/13		12/31/22				

*Note: represents approved original amount of \$750 Million
plus the requested additional amount of \$300 Million.

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Procurement (Services) Contracts – Extensions and/or Additional Funding
(For Description of Contracts See "Discussion")

EXHIBIT "B"
July 29, 2017

<u>Plant Site/ Bus. Unit</u>	<u>Company Contract #</u>	<u>Start of Contract</u>	<u>Description of Contract</u>	<u>Closing Date</u>	<u>Award Basis¹ Contract Type²</u>	<u>Compensation Limit</u>	<u>Amount Expended To Date</u>	<u>Authorized Expenditures For Life Of Contract</u>
TREASURY	Q14-5577MR – 31 Vendors	07/29/14	Provide for pre-qualified underwriting pool for NYPA debt issuances	07/29/18	B/P			N/A*
	1. ACADEMY SECURITIES ♦ New York, NY							
	2. BACKSTROM MCCARLEY BERRY AND CO., LLC ♦ San Francisco, CA							
	3. BANK OF AMERICA MERRILL LYNCH New York, NY							
	4. BARCLAYS CAPITAL INC. New York, NY							
	5. BMO CAPITAL MARKETS New York, NY							
	6. BNY MELLON CAPITAL MARKETS, LLC New York, NY							
	7. BLAYLOCK BEAL VAN, LLC ♦ New York, NY							
	8. CADWYN POINT PARTNERS LLC ♦ Norwalk, CT							
	9. CASTLEOAK SECURITIES, LP ♦ New York, NY							

*Note: No funds are requested, rather concurrence / approval for continued status within pre-qualified underwriting pool

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Procurement (Services) Contracts – Extensions and/or Additional Funding
(For Description of Contracts See "Discussion")

EXHIBIT "B"
July 29, 2017

<u>Plant Site/ Bus. Unit</u>	<u>Company Contract #</u>	<u>Start of Contract</u>	<u>Description of Contract</u>	<u>Closing Date</u>	<u>Award Basis¹ Contract Type²</u>	<u>Compensation Limit</u>	<u>Amount Expended To Date</u>	<u>Authorized Expenditures For Life Of Contract</u>
TREASURY	10. CITIGROUP GLOBAL MARKETS INC. New York, NY 11. DREXEL HAMILTON, LLC New York, NY 12. DUNCAN- WILLIAMS, INC. Memphis, TN 13. ESTRADA HINOJOSA & CO., INC Dallas, TX 14. GOLDMAN, SACHS & CO. New York, NY 15. GREAT PACIFIC SECURITIES ♦ Costa Mesa, CA 16. J.P. MORGAN SECURITIES, LLC New York, NY 17. LOOP CAPITAL MARKETS LLC ♦ Chicago, IL 18. M&T SECURITIES Buffalo, NY 19. MESIROW FINANCIAL, INC. Chicago, IL	07/29/14	Provide for pre-qualified underwriting pool for NYPA debt issuances	07/29/18	B/P			N/A*

*Note: No funds are requested, rather concurrence / approval for continued status within pre-qualified underwriting pool

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♦ M / WBE: New York State-certified Minority / Women-owned Business Enterprise (indicated by the ♦ symbol after the Company Name)
1 Award Basis: B= Competitive Bid; C= Competitive Search; S= Sole Source; Si = Single Source
2 Contract Type: P= Personal Service; S= (Non-Personal) Service; C= Construction; E= Equipment; N= Non-Procurement; L= Legal Service

Procurement (Services) Contracts – Extensions and/or Additional Funding
(For Description of Contracts See "Discussion")

EXHIBIT "B"
July 29, 2017

<u>Plant Site/ Bus. Unit</u>	<u>Company Contract #</u>	<u>Start of Contract</u>	<u>Description of Contract</u>	<u>Closing Date</u>	<u>Award Basis¹ Contract Type²</u>	<u>Compensation Limit</u>	<u>Amount Expended To Date</u>	<u>Authorized Expenditures For Life Of Contract</u>
TREASURY	20. MORGAN STANLEY & CO., LLC New York, NY	07/29/14	Provide for pre-qualified underwriting pool for NYPA debt issuances	07/29/18	B/P			N/A*
	21. NW CAPITAL MARKETS INC. Portland, OR							
	22. RAMIREZ & CO. INC. ♦ New York, NY							
	23. RBC CAPITAL MARKETS, LLC New York, NY							
	24. RICE FINANCIAL PRODUCTS COMPANY ♦ New York, NY							
	25. ROBERT W. BAIRD & CO., INC. Milwaukee, WI							
	26. ROOSEVELT & CROSS INC. New York, NY							
	27. SIEBERT CISNEROS SHANK & CO., LLC New York, NY							
	28. STERN BROTHERS & CO. ♦ St. Louis, MO							
[continued on next page]								

*Note: No funds are requested, rather concurrence / approval for continued status within pre-qualified underwriting pool

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Procurement (Services) Contracts – Extensions and/or Additional Funding
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EXHIBIT "B"
July 29, 2017

<u>Plant Site/ Bus. Unit</u>	<u>Company Contract #</u>	<u>Start of Contract</u>	<u>Description of Contract</u>	<u>Closing Date</u>	<u>Award Basis¹ Contract Type²</u>	<u>Compensation Limit</u>	<u>Amount Expended To Date</u>	<u>Authorized Expenditures For Life Of Contract</u>
TREASURY	29. THE WILLIAMS CAPITAL GROUP LP ♦ New York, NY	07/29/14	Provide for pre-qualified underwriting pool for NYPA debt issuances	07/29/18	B/P			N/A*
	30. TD SECURITIES LLC New York, NY							
	31. WELLS FARGO BANK, N.A. Sioux Falls, SD							

*Note: No funds are requested, rather concurrence / approval for continued status within pre-qualified underwriting pool

♦ M / WBE: New York State-certified Minority / Women-owned Business Enterprise (indicated by the ♦ symbol after the Company Name)
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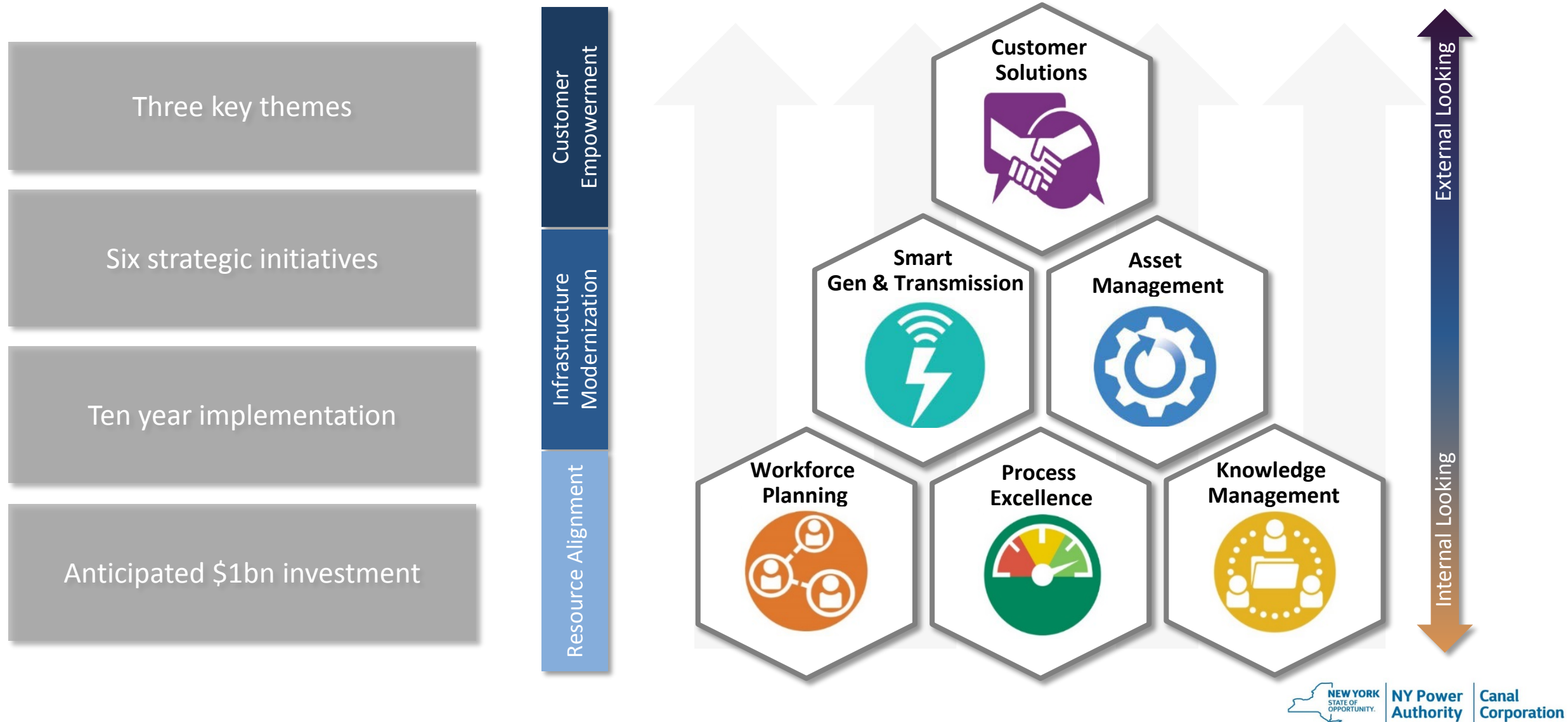
**NY Power
Authority**

**Canal
Corporation**

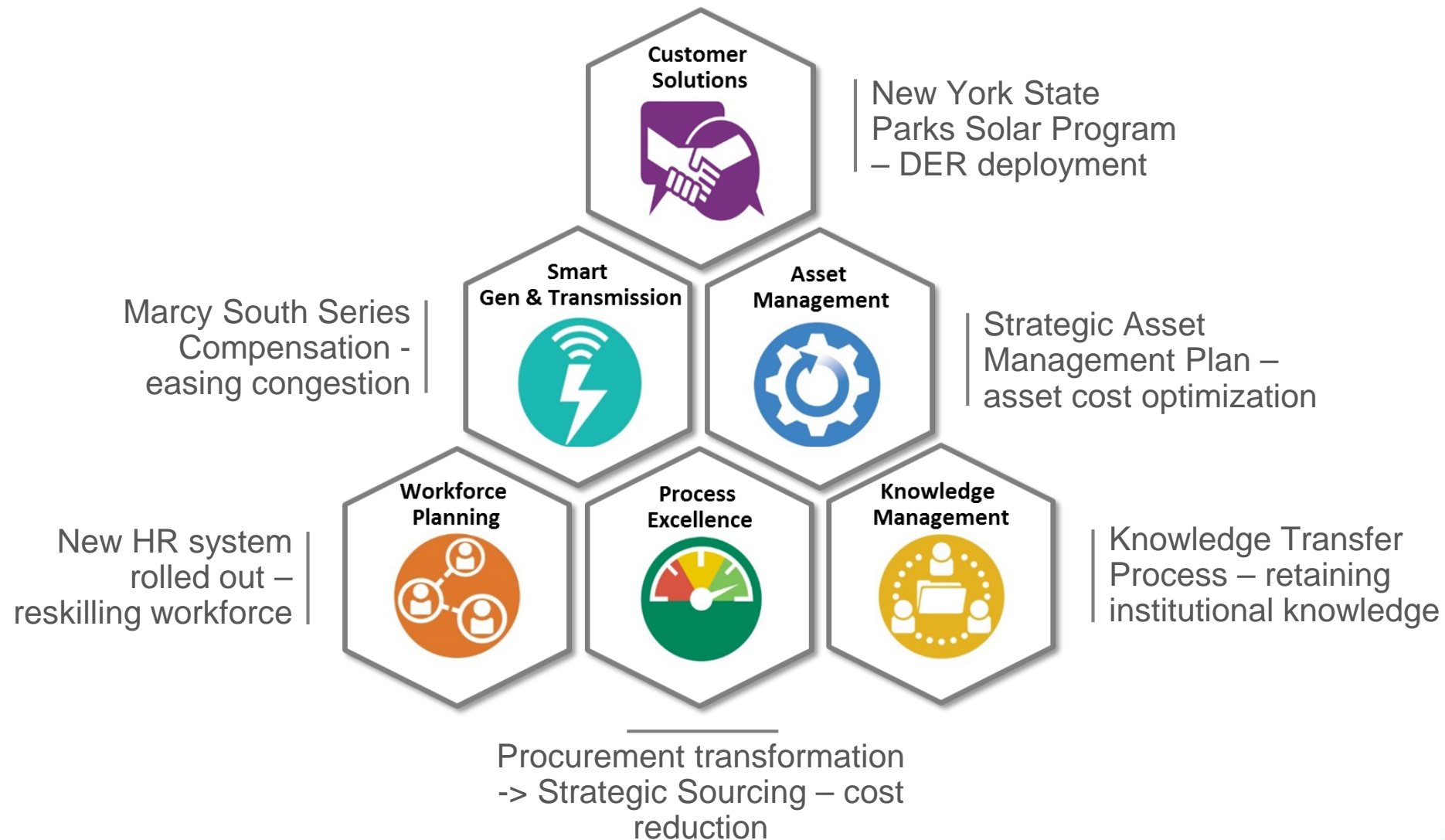
NYPA 2020 Strategy Refresh

Gil Quiniones, President & Chief Executive Officer
Robert Lurie, Chief Financial Officer

Our 2020 Strategic plan was created in late 2013



We have been implementing the plan for over two years now



At the same time, our business environment continues to change



Progressive energy policy

- *Reforming the Energy Vision*
- *State energy goals*



Rapid advancements in technology

- *Price parity of renewables to traditional generation*
- *Access to data and analytics*

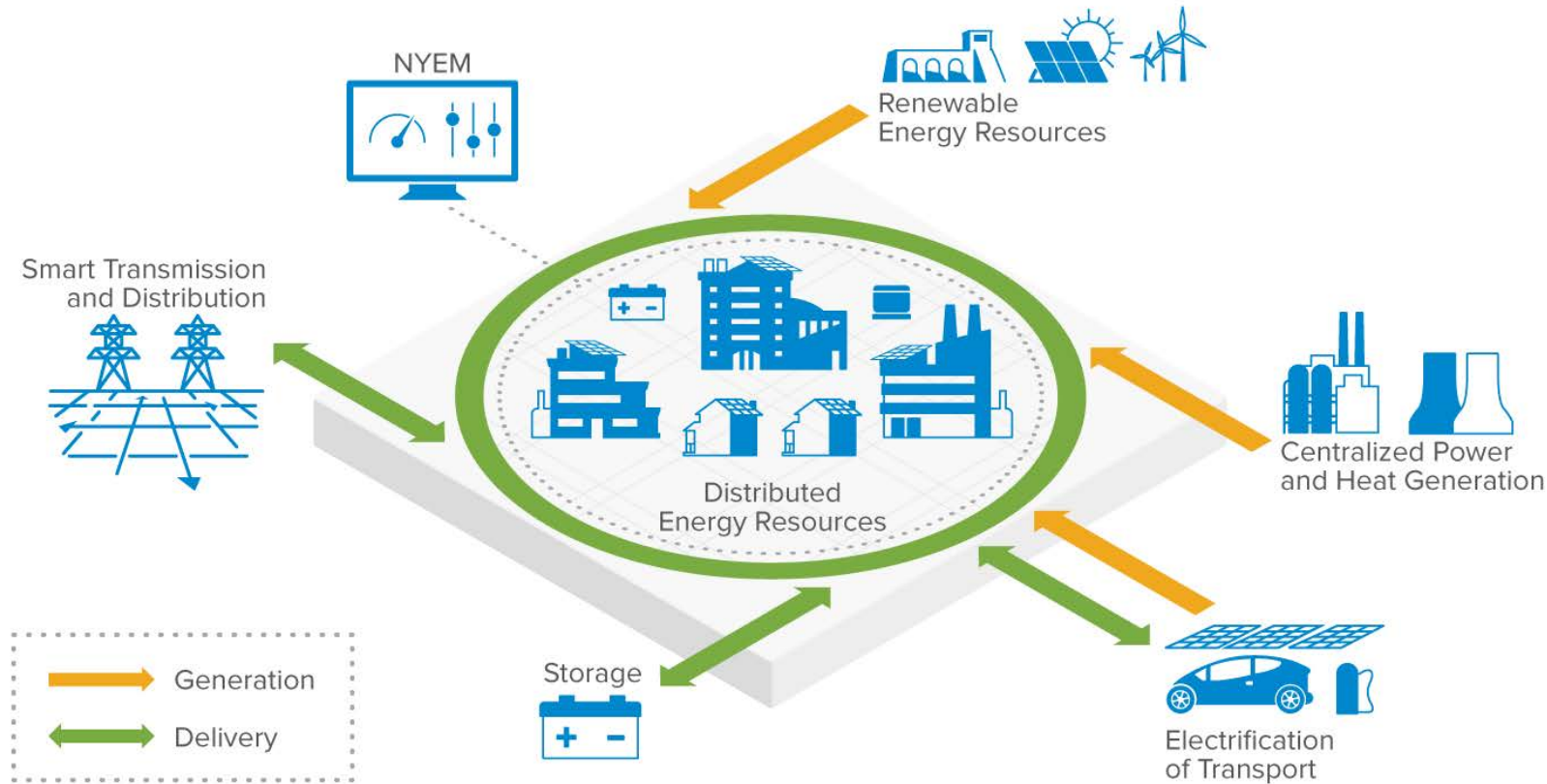


Growing consumer interest in sustainability

- *Corporate and government sustainability targets*
- *Green energy job creation*

Opportunity to make some mid-game changes to our 2020 strategic plan

Our vision of the future energy system places the customer in the driving seat



Customer empowerment is the foundation of Reforming the Energy Vision

Recasting our customers at the center of our 2020 Strategic Plan

*We are successful
when our customers'
are successful*

*Making energy
decisions convenient
and easy*



*Empowering our
customers to manage
energy costs*

*Managing the risk of
increased choice*

NYPA will lead the energy transformation in NY State and build successful long-term partnerships with our customers

For our customers, we will be the utility that...

1

...is the market leader for both energy efficiency and renewable energy services

2

...offers the best deal, by far, in electricity commodity management for our supply customers



3

...has the largest market share of new transmission and large scale renewable projects

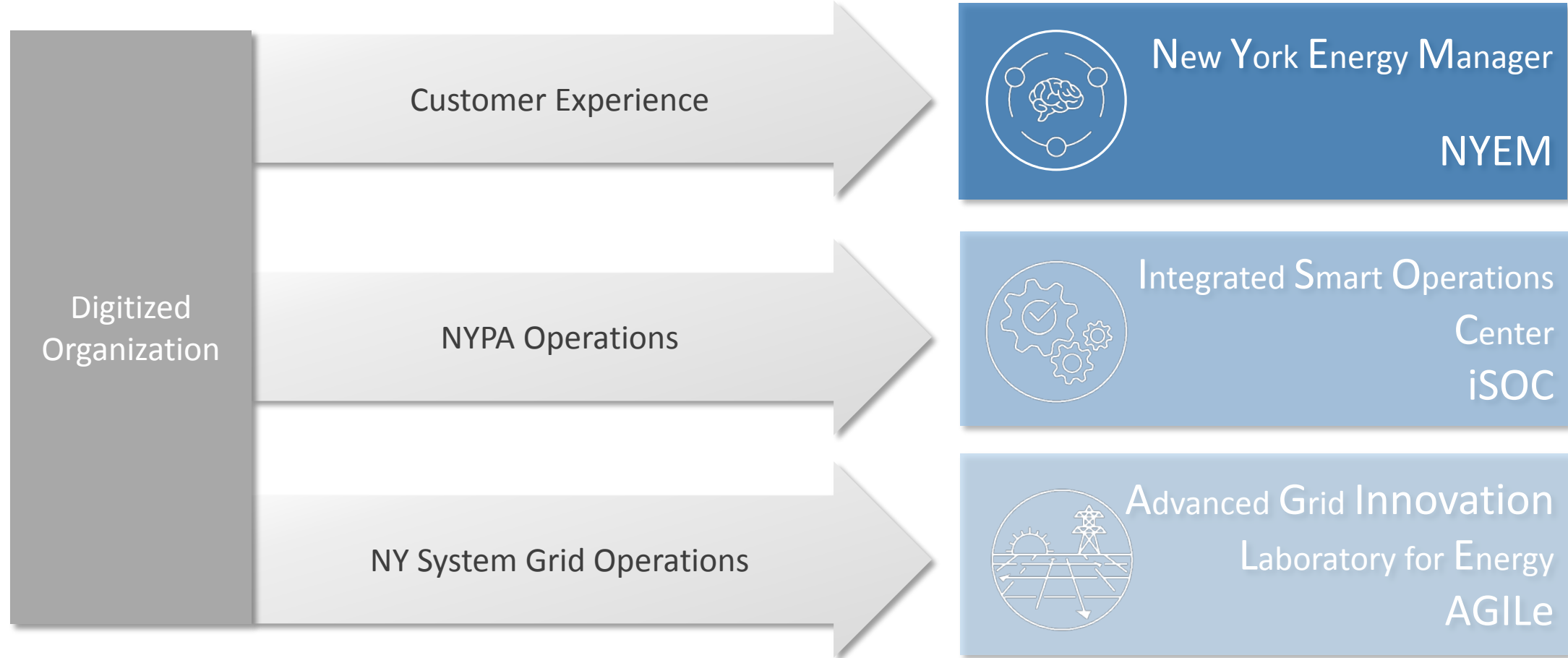
4

...is the market leader in New York State for energy storage and electric vehicle infrastructure and services




5

All of which will be enabled by NYPA becoming the first digital utility

What do we mean by a digitized NYPA?



How will these digital hubs enable the delivery of customer centric strategic plan?

		Cost Leadership	Customer Success	Innovation
NYEM		Identify tangible energy efficiency opportunities	Empowering the customer to make data driven operational decisions	New business models, products and services that use data to predict, measure and verify outcomes
iSOC		Predictive monitoring of assets to optimize maintenance investments	Improved reliability & resiliency of NYPA's assets	Create digital hub for trusted third parties
AGILe		Reduced R&D costs of grid modernization	Flexible, responsive grid that can integrate grid scale generation and distributed generation	Collaborative hub for the testing and rollout of new grid technologies

Investing in customer value



Cost Leadership

- Focus even more on the total customer energy bill
 - Use digitization to improve efficiency
 - Value add services such as commodity risk management



Customer Success

- Long term strategic energy plans
- Real time data
- Range of customer partnership models
- Utilize NYPA's size and unique capabilities
- Measurement & verification



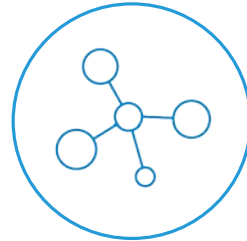
Innovation

- Create digital hubs for trusted third parties
- Culture of innovation
- Innovative business models

Powering the success of our customers and The State of New York by putting REV into action



Make customer
success our
success



Empower customers
with better choices by
becoming the first
digitized utility



Partner with others to
test and build the next
generation electricity
grid

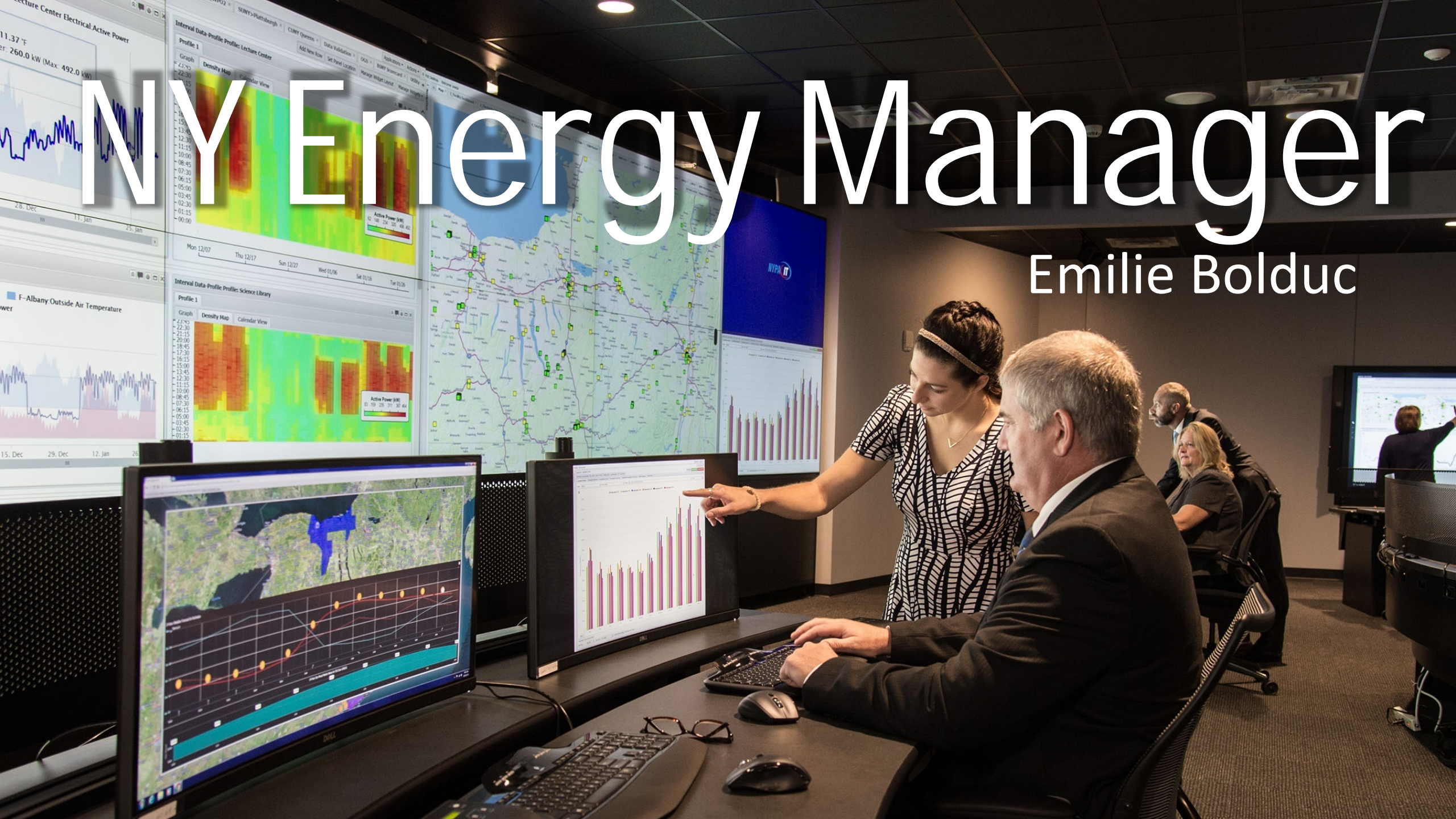


Accelerate collaborative
innovation for the
benefit of our
customers and New
York State



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NY Energy Manager

Emilie Bolduc

New York Energy Manager Introduction

- Empowers our customers to use data and analytics to manage their facilities' energy use and reduce associated energy costs
- Started in 2014 to support EO88 – 20% savings by 2020
- Includes 7,500 buildings, scaling up to 20,000 buildings
 - 44 college campuses: SUNY & CUNY
 - Offices, healthcare, correctional facilities, transportation hubs, armories, K-12 schools, research laboratories, warehouses

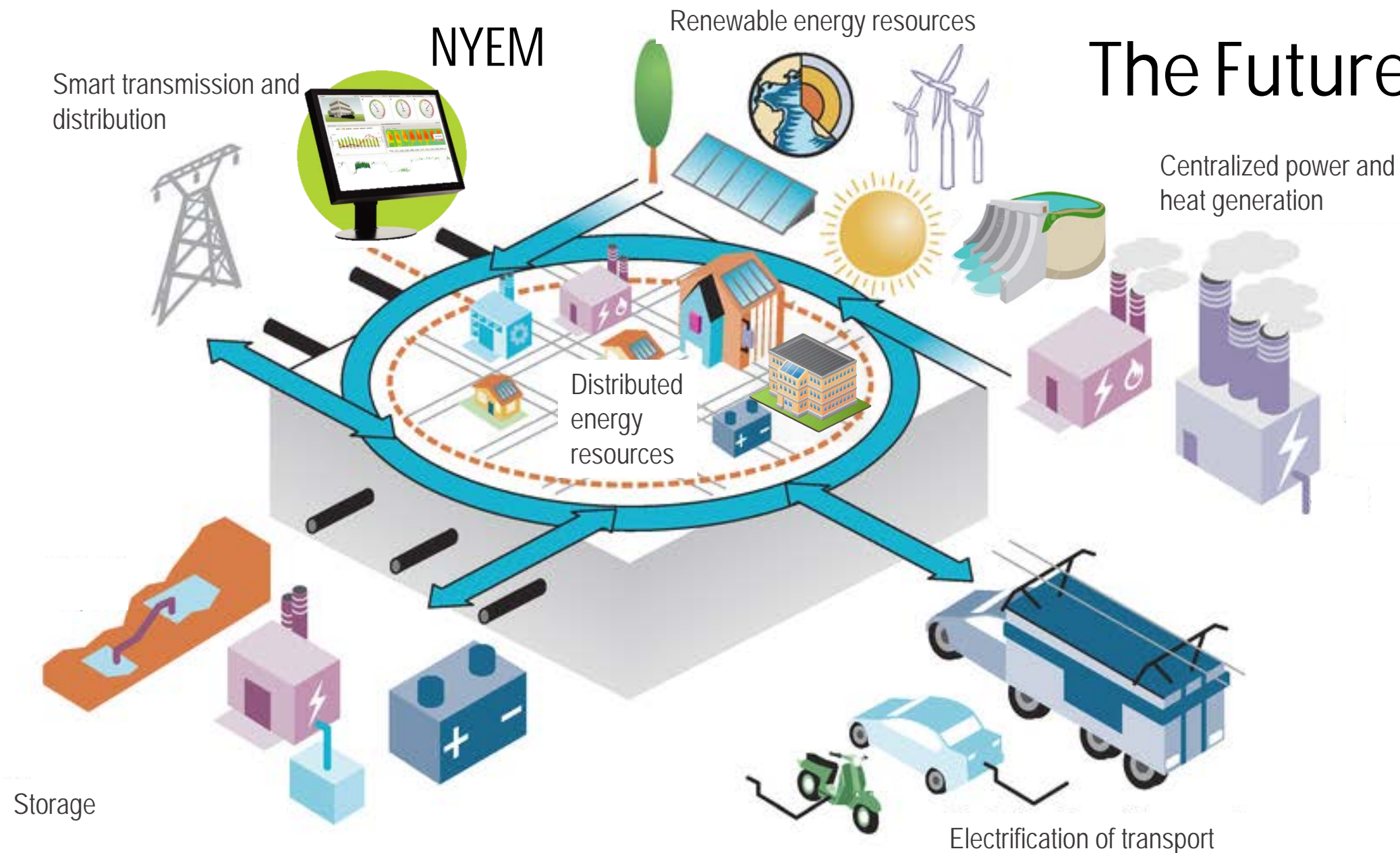
The Vision



New York Energy Manager Vision

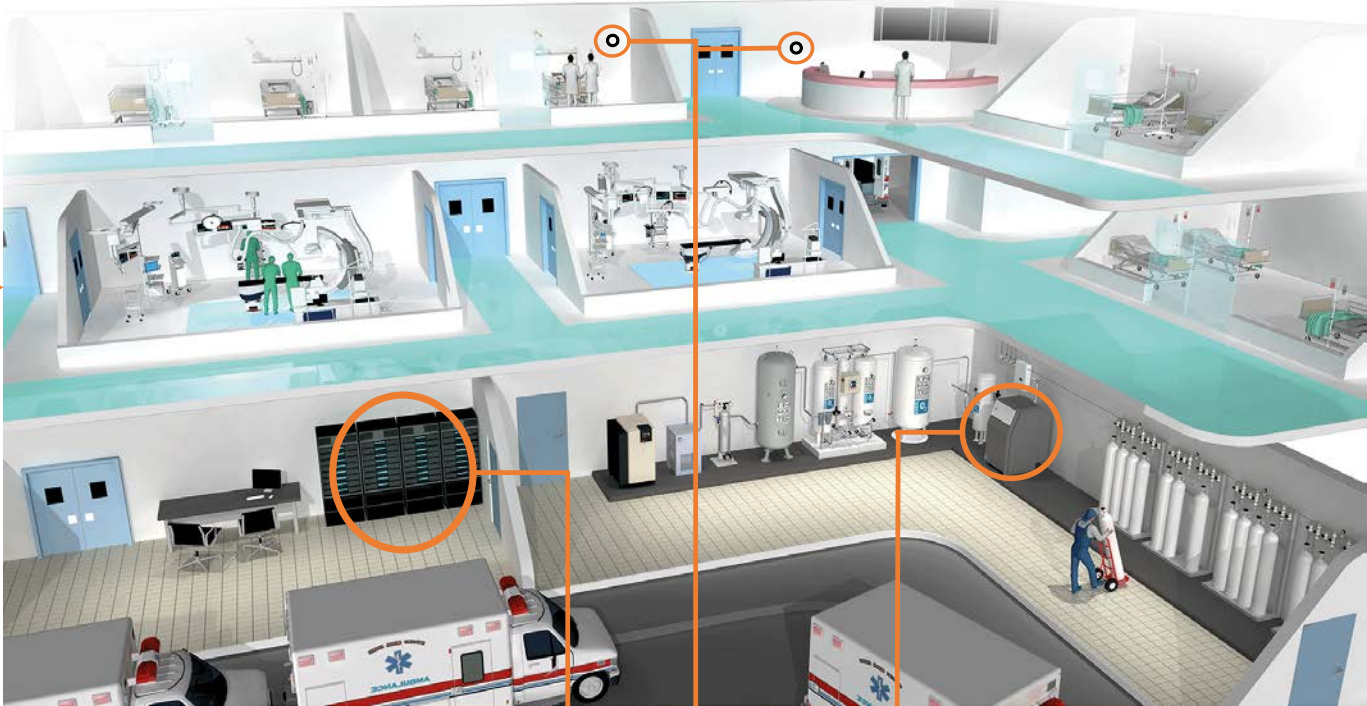
- Energy Efficiency – Optimize and advance the energy efficiency and productivity of our customers' facilities.
- Dispatchable DER – Create flexible demand and consumption of our customers' buildings and facilities and make them dispatchable distributed energy resources to the local distribution utilities and to the NYISO.
- Digital Hub – Build the customer of the “digital hub” where 3rd party technology and solutions providers, utilities, NYISO, universities and research institutes can access and use NYEM’s platform and data sets (for a fee) to create new "apps" and products and services to meet customer needs.

The Future Grid



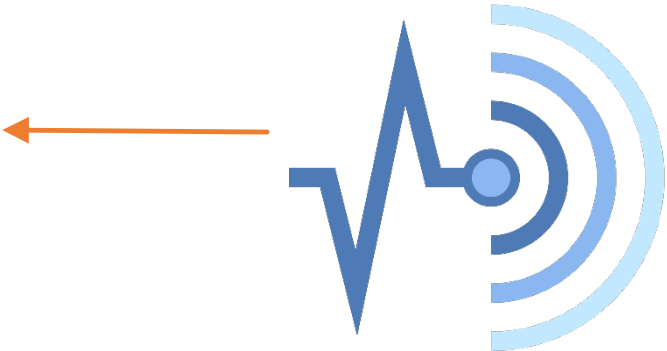
Customer: NYC Health & Hospitals





Hospital Cross Section Image Source: NMA/TEC GasTechnology

NYEM





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NYPA Risk Management

Soubhagya Parija

Chief Risk Officer, Senior Vice President

July 25, 2017

Top Enterprise Risks 2017 Assessment

1

In 2016 we established NYPA's Enterprise Risk Profile

2

In 2017 we re-affirmed NYPA's 2016 Enterprise Risk Profile while identifying possible changes

Strategic Risks

- Customer Energy Choices
- Disruptive Innovation
- Sustained Low Power Prices

Internal Risks

- Attract and Sustain Qualified Workforce
- Critical Infrastructure Failure
- Workforce Health & Safety

External Risks

- Catastrophic Events
- Commodity Market Volatility
- Cyber Security
- Hydro Flow Volumes
- Regulatory/Legislation Environment

Key Insights

- Reputation Risk was identified as a top risk for future inclusion
- Cyber Risk continues to be of concern although NYPA's cyber security posture has significantly improved
- The Sustained Low Power Prices Risk is a concern impacting future decisions

Key Emerging Risks



Emerging Business Model Risk:

- As NYPA redefines itself, internal/external factors drive the need to critically evaluate risk associated with new business models

Third Party Risk:

- As we evolve so do our external relationships, level of dependencies, and the importance of a holistic third party management approach

Big Data Management Risk:

- Managing of data is more than protecting data and gaining insights. It's also about leveraging information to strengthen resiliency and meet evolving customer demands

Key Risk Indicator Focus Points

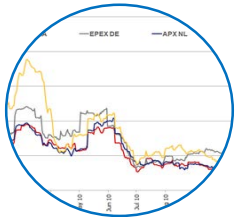
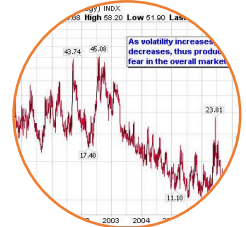


Hydro Flow Volumes:

- Higher than budgeted water flow volumes helped to offset the impact of a lower energy price market
- Balance of year 2017 forecast is 11% higher than budget

Commodity Market Volatility:

- Implementation of a multi-year hedging program has reduced volatility
 - Enterprise Trading Risk Management (ETRM) software contract signed, implementation underway
 - The hedging plan is to continue capturing market opportunities



Sustained Low Power Prices:

- The sustained low power price environment continues to pressure NYPA's traditional business model and market competitiveness
 - From 2014-2016 realized prices were ~ 20% below 2014 forward price projections
 - July 2017 forward price projections through 2020 remain depressed

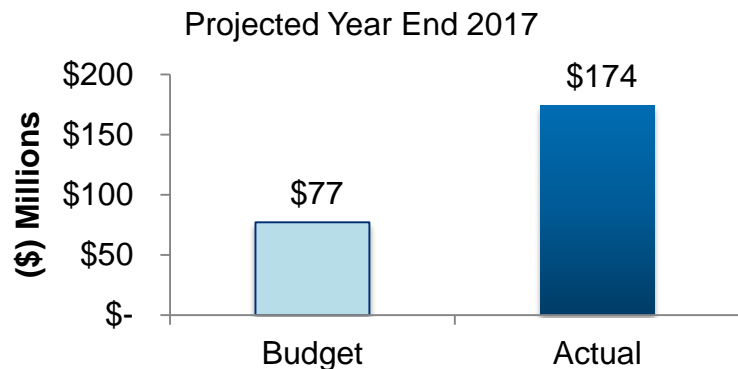
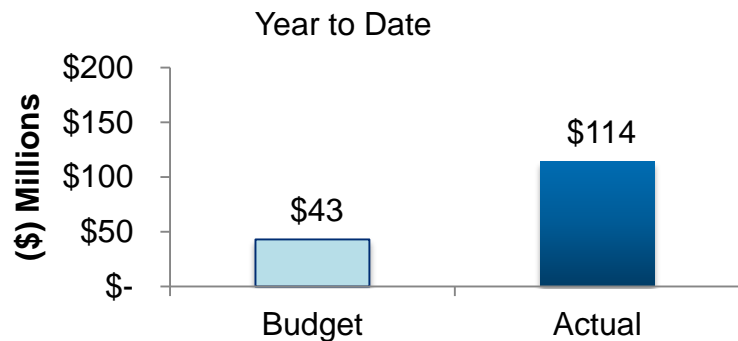


Chief Financial Officer Report

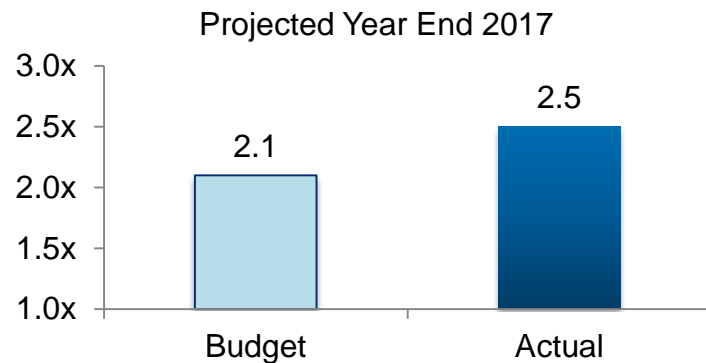
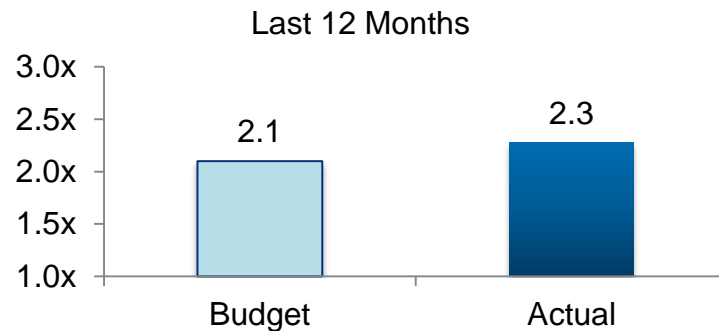
July 25, 2017

Financial Results – Consolidated NYPA and Canals

Net Income



Fixed Charge Coverage Ratio



2017 Year to Date as of June

(\$) in Millions

Budgeted YTD Net Income	\$ 43
Margin on Hydro Generation	25
HTP	9
Operating Expenses	32
Other	20
Projected YTD Net Income	\$114

2017 Changes Since Budget

(\$) in Millions

Budgeted YE Net Income	\$ 77
Margin on Hydro Generation	55
HTP	22
Other (including O&M on plan)	20
Projected YE Net Income	\$174

Range of potential net income results: \$135 MM to \$214 MM



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Utility Operations Report

Joseph Kessler, Chief Operating Officer

Performance Measures – YTD June 2017

Utility Operations



Generation Market Readiness

99.91% vs 99.40%
(actual vs target YTD)



Transmission Reliability

96.54% vs 95.51%
(actual vs target YTD)

NYPA Overall



Environmental Incidents

9 vs 16
(actual vs target YTD)



Dart Rate

0.69 vs 0.78
(actual vs target YTD)

Summer Preparedness

- Utility Operations has evaluated PM activities, equipment status, outage schedules etc. and verified summer preparedness.
- Company-wide summer preparedness review session was held with key stakeholders.
- Review and update existing NYPA and NYS Canal Corp. emergency management plans and procedures to ensure a comprehensive emergency preparedness program (in progress).

Canal Corporation Update

- YTD O&M spend is on target, whereas the Capital budget spend is underrunning, but expected to be on schedule this Fall
- Initial estimate of 2018 to 2022 capital spending is significant as asset condition and significant risks are better understood
- Many new Safe and Secure initiatives underway, including asset and work management, vessel replacement, yard clean-up, and vegetation management



Canal Corporation Update

- Higher precipitation levels have resulted in corresponding canal closures which were managed effectively
- New navigation season was implemented successfully and will reduce long-run costs
- Still working through significant Civil Services challenges to stand up permanent staff
- Transitional Service Agreement Exit Plans – 23 out of 42 have been exited to date and the remaining services are on track to exit in line with agreed plans



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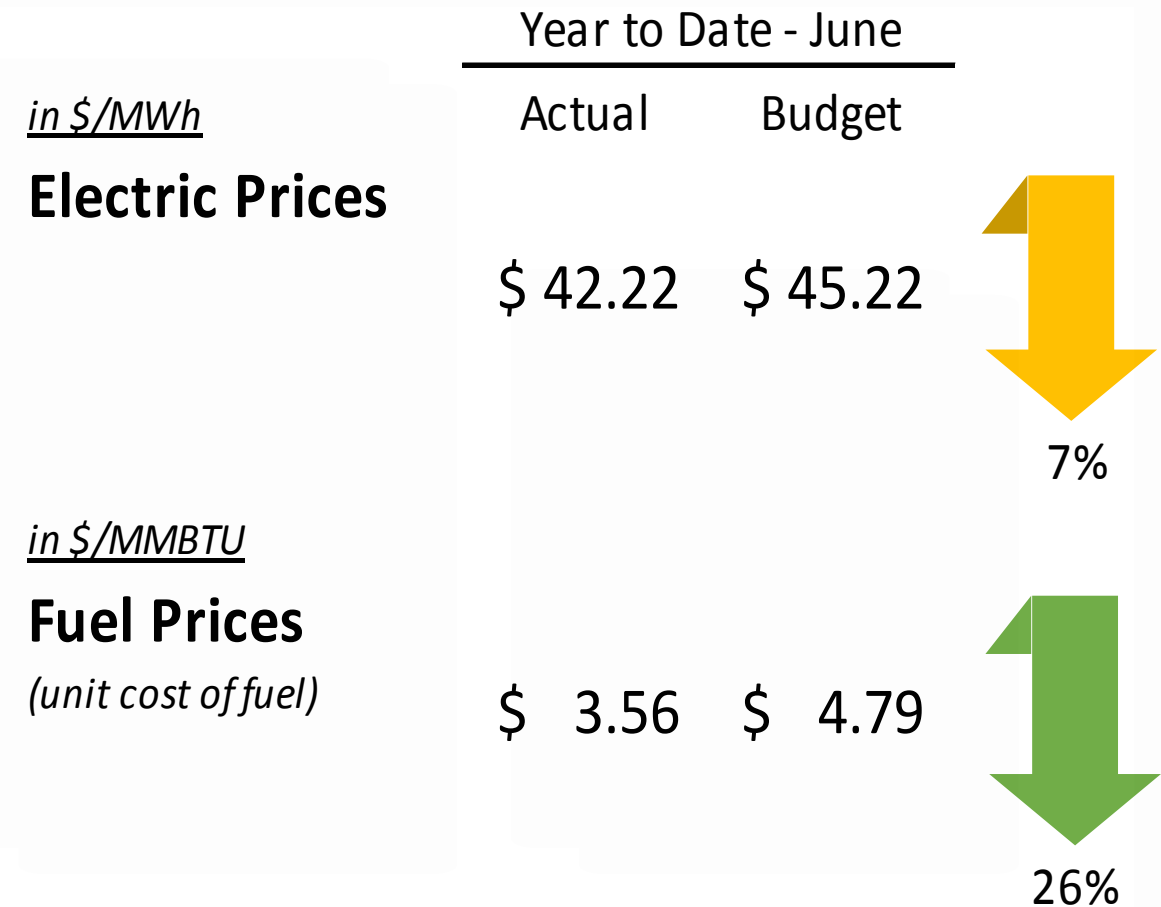
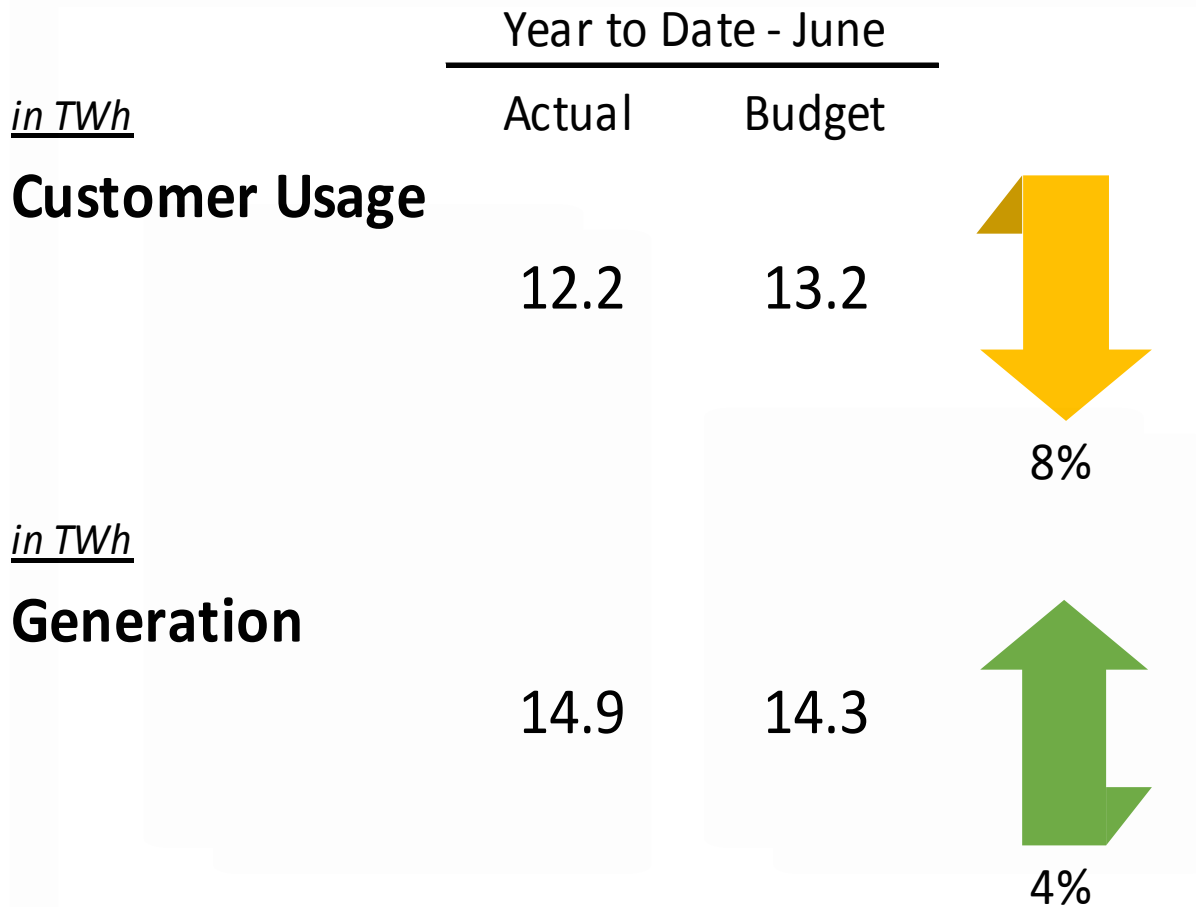
**Canal
Corporation**

Commercial Operations Report

Jill C. Anderson, Chief Commercial Officer

October 13, 2017

Commercial Ops: Wholesale



Commercial Ops: Economic Development



Business Development

- Smart Path Moses-Adirondack Reliability Project is moving forward to the next step in development
- Large-scale renewables RFP issued on June 2nd with bids due September 1st and awards expected in early 2018





Economic Development

Recharge NY: 744 MW out of 910 MW allocated

All programs: 395,272 jobs, \$32.7 Billion capital committed

** Balance does not include 24 MW being recommended for award today in Economic Development items*

Commercial Ops: Customer

	Year to Date - June		
<i>in millions</i>	Actual	Budget	
<i>Customer Investments</i>	90.7	59.4	 15%
Net NYPA Revenues	8.3	7.1	
<i>in millions</i>			
Operating Expenses	13.2	15.1	 13%



LED street lighting project in construction in Clarkstown

LED street lighting is growing, examples:

- Clarkstown saving \$900,000 annually
- Union saving \$350,000 annually
- White Plains saving \$670,000 annually

Retention-Based Allocations

Line	Company	City	County	Economic Development Region	IOU	Description	kW Request	kW Recommendation	Jobs Retained	Jobs Created	Capital Investment (\$)		Contract Term (years)
1	Carolina Eastern-Vail, Inc.	Salem	Washington	Capital District	NYSEG	Custom blending of fertilizer	81	40	19	0	\$1,000,000		7
	Capital District Sub-totals:							40	19	0	\$1,000,000		
2	Auburn Senior Services, Inc.	Auburn	Cayuga	Central New York	NYSEG	Rehabilitation and healthcare facility	433	140	244	29	\$286,000		7
3	Hartman Enterprises, Inc.	Oneida	Madison	Central New York	NGRID	Manufacturer of precision machined parts	232	116	35	0	\$400,000		
	Central New York Region Sub-totals:							256	279	29	\$686,000		
4	MVS Mailers, Inc.	Hauppauge	Suffolk	Long Island	LIPA	Full-service direct mail solutions	74	36	25	0	\$250,000		7
5	NYU Winthrop Hospital	Mineola	Nassau	Long Island	LIPA	University-affiliated hospital	4,244	1,410	2,350	0	\$40,000,000	(1)	7
	Long Island Region Sub-totals:							1,446	2,375	0	\$40,250,000		
6	Power Drives, Inc.	Buffalo	Erie	Western New York	NGRID	Manufacturer of hose & tube assemblies	201	100	75	0	\$5,875,000		7
	Western New York Region Sub-totals:							100	75	0	\$5,875,000		

Retention-Based Totals

1,842	2,748	29	\$47,811,000
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Expansion-Based Allocations

Line	Company	City	County	Economic Development Region	IOU	Description	kW Request	kW Recommendation (3)	Base Employment	Job Creation Commitment	Project Capital Investment (\$)		Contract Term (years)
7	LBI Software, Inc.	Melville	Suffolk	Long Island	LIPA	Software design and development	48	20	50	15	\$6,393,000	(4)	7
8	NYU Winthrop Hospital	Mineola	Nassau	Long Island	LIPA	University-affiliated hospital	1,250	416	2,350	120	\$97,000,000	(1), (2)	7
	Long Island Region Sub-totals:							436	50	135	\$103,393,000		
9	Empire State Greenhouses, LLC	Schoharie	Schoharie	Mohawk Valley	NGRID	Organic food production	360	180	0	25	\$9,000,000		7
	Mohawk Valley Region Sub-totals:							180	0	25	\$9,000,000		

Expansion-Based Totals

616	50	160	\$112,393,000
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Retention & Expansion-Based Totals

2,458	2,798	189	\$160,204,000
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- (1) These applicants are being recommended for both RNY retention and expansion-based allocations.
- (2) The number of new jobs committed will be above a base employment level specified in the applicant's retention-based allocation recommendation.
- (3) All expansion-based RNY Power allocations are recommended to be "up to" the amount indicated pending the applicant's compliance with contractual commitments, including commitments relating to job creation, capital investment spending and power utilization.
- (4) There will be a base employment level associated with the applicant's RNY expansion-based allocation.

APPLICATION SUMMARY
Replacement Power ("RP")

Company:	Flexo Transparent, LLC ("Flexo")
Project Location:	City of Buffalo
County:	Erie County
IOU:	National Grid
Business Activity:	Manufacturer of printed flexible packaging.
Project Description:	Flexo is planning to construct a new, 16,200-square-foot building and add a new, 10-color printing press, to increase production.
Existing Allocation(s):	380 kW RP allocation. Flexo Transparent is in compliance with its contractual obligations for this allocation.
Power Request:	500 kilowatts ("kW")
Power Recommended:	300 kW RP
Job Commitment:	
Base:	120 jobs
New:	At least 5 jobs
New Jobs/Power Ratio:	17 jobs/megawatts ("MW")
New Jobs - Avg. Wage and Benefits:	\$56,800
Capital Investment:	At least \$6.5 million
Capital Investment/MW:	\$21.67 million/MW
Other ED Incentives:	Empire State Development Capital Grant of \$150,000; Erie County Industrial Development Agency standard PILOT incentive and sales tax package; National Grid Capital Investment Incentive Grant; and additional support from the New York State Energy Research and Development Authority and National Fuel Gas Company.
Summary:	After hitting record sales in 2016, Flexo is looking at its fourth expansion project at its Buffalo facility in an effort to increase flexible packaging production by more than 25%. A state-local incentive package, that includes an allocation of low cost hydropower, will help Flexo meet its new production and sales goals, remain competitive nationally, and secure future growth in Western New York.

EXHIBIT G: SUMMARY OF EXHIBITS A-F

EXHIBIT G

Non-Compliance with Job Commitments – Recommended For (1) Reductions in Allocation/Contract Demand, And Adjustments to Job And/Or Capital Investment Commitments (A)

Customer Legal Name	Allocation (kW)	Employment Commitment (# of Jobs)	Jobs Reported	Jobs Compliance %	Revised Commitments		Reductions		Physical City	County
					kW	Jobs	kW	Jobs		
Republic Steel	9,400	276	237	86	9,100	237	300	39	Blasdell	Erie
Monofrax, LTD	1,500	181	139	77	1,350	139	150	42	Falconer	Chautauqua
Saint-Gobain Advanced Ceramics LLC	4,850	147	114	78	4,500	114	350	33	Niagara Falls	Niagara
The Chemours Company FC, LLC	5,000	195	163	84	4,700	163	300	32	Niagara Falls	Niagara
Washington Mills Tonawanda, Inc.	300	38	29	76	250	29	50	9	Tonawanda	Erie
Welded Tube USA, Inc.	3,370	121	89	74	2,870	89	500	32	Lackawanna	Erie
					TOTALS:		1,650	187		

* Monofrax and Saint-Gobain non compliant in 2 criteria

Non-Compliance with Job Commitments – Recommended For Adjustments to Job Commitments (B)

Customer Legal Name	Allocation (kW)	Employment Commitment (# of Jobs)	Jobs Reported	Jobs Compliance %	Revised Commitments		Reductions		Physical City	County
					kW	Jobs	kW	Jobs		
API Heat Transfer Inc.	250	299	238	80	250	238	0	61	Buffalo	Erie
CCL Label (Buffalo), Inc.	250	124	106	85	250	106	0	18	Buffalo	Erie
Cliffstar LLC	400	517	428	83	400	428	0	89	Dunkirk	Chautauqua
Lockheed Martin Corporation	200	39	26	67	200	26	0	13	Niagara Falls	Niagara
Mahle Behr Troy Inc.	1,500	250	208	83	1,500	208	0	42	Lockport	Erie
Nuttall Gear Corporation	350	108	85	79	350	85	0	23	Niagara Falls	Niagara
Stollberg, Inc.	300	71	58	82	300	58	0	13	Niagara Falls	Niagara
					TOTALS:		0	259		

* Cliffstar noncompliant in 2 criteria

Non-Compliance with Power Utilization Commitments – Recommended For (1) Reductions in Allocation/Contract Demand, And (2) Adjustments to Job Commitments (C)

Customer Legal Name	Allocation (kW)	Employment Commitment (# of Jobs)	Usage Reported	Usage Compliance %	Revised Commitments		Reductions		Physical City	County
					kW	Jobs	kW	Jobs		
Dunkirk Specialty Steel, LLC	5,450	169	4,693	86	5,250	146	200	23	Dunkirk	Chautauqua
Metaullics Systems Co. L.P.	1,600	40	1,125	70	1,550	37	50	3	Sanborn	Niagara
M&T Bank Corporation	1,500	169	992	66	1,150	128	350	41	Amherst	Erie
Saint-Gobain Advanced Ceramics LLC	4,850	147	3,970	82	4,500	114	350	33	Niagara Falls	Niagara
TAM Ceramics Group of NY, LLC	7,050	93	5,390	76	6,100	71	950	22	Niagara Falls	Niagara
Washington Mills Electro Minerals Corporation	6,150	69	5,127	83	5,750	58	400	11	Niagara Falls	Niagara
					TOTALS:		2,300	133		

* Saint-Gobain non compliant in 2 criteria

EXHIBIT G: SUMMARY OF EXHIBITS A-F

EXHIBIT G

Non-Compliance with Power Utilization Commitment – Recommended For Adjustment to Capital Investment Commitment (D)

Customer Legal Name	Allocation (kW)	Employment Commitment (# of Jobs)	Capital Investment Commitment	Capital Investment Reported	Capital Investment Compliance %	Revised Commitments			Reductions			Physical City	County
						kW	Jobs	Capital Investment	kW	Jobs	Capital Investment		
Ceres Crystal Industries Inc.	2,600	35	\$200,000	\$59,935	30%	2600	35	\$80,000	0	0	\$120,000	Niagara Falls	Niagara

* Ceres Crystal non compliant in 2 criteria

Non-Compliance with Capital Investment Commitments – Recommended For (1) Reductions in Allocation/Contract Demand, And (2) Adjustments to Job Commitments And/Or Capital Investment Commitments (E)

Customer Legal Name	Allocation	Employment Commitment (# of Jobs)	Jobs - Reported	Jobs Compliance %	Usage Reported	Usage Compliance %	Annual Capital Investment Commitment	Annual Capital Investment Reported	Capital Investment % Achieved	Revised Commitments			Reductions			Physical City	County
										kW	Jobs	Capital Investment	kW	Jobs	Capital Investment		
Ceres Crystal Industries Inc.	2,600	35	35	100	2075	80	\$ 200,000	\$ 59,935	30	2600	35	\$ 80,000	0	0	\$ 120,000	Niagara Falls	Niagara
Cliffstar LLC	400	517	428	83	471	100	\$ 2,642,313	\$ 2,253,437	85	400	428	\$ 2,642,313	0	89	\$ -	Dunkirk	Chautauque
Monofrax, LTD	1,500	181	139	77	1617	100	\$ 692,978	\$ 580,967	84	1350	139	\$ 651,399	150	42	\$ 41,579	Falconer	Chautauque
Niagara Sheets LLC	850	70	96	137	850	100	\$ 1,000,000	\$ 366,283	37	400	33	\$ 470,000	450	37	\$ 530,000	Wheatfield	Niagara
Total													450	37	\$ 691,579		

* Ceres Crystal, Cliffstar, Monofrax noncompliant in 2 criteria

Reported Non-Compliance With Supplemental Commitment – Not Recommended for (1) Reductions in Allocation/Contract Demand, Or (2) Adjustments to Job or Capital Investment Commitments (F)

a) Power Utilization Commitments

Customer Legal Name	Allocation (kW)	Employment Commitment (# of Jobs)	Capital Investment Commitment	Usage Compliance %	Revised Commitments			Reductions			Physical City	County
					kW	Jobs	Capital Investment	kW	Jobs	Capital Investment		
GM Components Holdings, LLC	19,950	779	\$ 5,165,233	85	19,950	779	\$ 5,165,233	0	0	\$ -	Lockport	Niagara
Maclean Curtis, L.L.C.	1,750	150	\$ 1,088,196	87	1,750	150	\$ 1,088,196	0	0	\$ -	Buffalo	Erie

b) Capital Investment Commitments

Customer Legal Name	Allocation (kW)	Employment Commitment (# of Jobs)	Capital Investment Commitment	Capital Investment Reported	Capital Investment Compliance %	Revised Commitments			Reductions			Physical City	County
						kW	Jobs	Capital Investment	kW	Jobs	Capital Investment		
Rosina Food Products, Inc.	350	141	\$816,581	\$ 663,797	81%	350	141	\$816,581	0	0	0	Buffalo	Erie

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

Customer Legal Name	Allocation (kW)	Employment Commitment (# of Jobs)	Jobs - Reported	Jobs Compliance %	Usage Reported	Usage Compliance %	Annual Capital Investment Commitment	Annual Capital Investment Reported	Capital Investment Compliance %	Revised Commitments			Reductions			Physical City	County
										kW	Jobs	Capital Investment	kW	Jobs	Capital Investment		
Delaco AMTB, LLC	100	7	12	171	321	100	\$ 227,950	\$ 176,429	77	100	7	\$ 227,950	0	0	\$ -	Tonawanda	Erie

Total kW Reduction	4,050
Total Job Reduction	582
Total Capital Investment Reduction	\$691,579