

**MINUTES OF THE REGULAR MEETING  
OF THE  
GOVERNANCE COMMITTEE**

**July 31, 2012**

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Minutes of the regular meeting of the New York Power Authority's Governance Committee held at the Authority's offices at 123 Main Street, White Plains, New York at approximately 8:40 a.m.

**The following Members of the Governance Committee were present:**

Trustee Eugene L. Nicandri, Chairperson  
Chairman John R. Koelmel  
Trustee Terrance P. Flynn  
Trustee Joanne M. Mahoney

**Also in attendance were:**

R. Wayne LeChase	Trustee
Gil Quiniones	President and Chief Executive Officer
Judith McCarthy	Executive Vice President and General Counsel
Edward Welz	Chief Operating Officer
Donald Russak	Chief Financial Officer
Jill Anderson	Chief of Staff and Director – Energy Policy
Joan Tursi	Senior Vice President – Corporate Support Services
Randy Crissman	Vice President – Technical Compliance
Joseph Gryzlo	Vice President and Chief Ethics and Compliance Officer
Patricia Leto	Vice President Procurement
Lesly Pardo	Vice President – Internal Audit
Brian McElroy	Treasurer
Karen Delince	Corporate Secretary
Dennis Eccleston	Chief Information Officer
Rod Mullin	Director – Fuel Planning and Operations
Mark O'Connor	Director – Real Estate
Gary Schmid	Manager – Network Services
Louise Nestler	Assistant Ethics Officer
Lorna Johnson	Assistant Corporate Secretary
Sheila Baughman	Senior Secretary, Corporate Secretary's Office

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Chairman Eugene Nicandri presided over the meeting. Corporate Secretary Delince kept the Minutes.

**Introduction**

*Chairman Eugene Nicandri welcomed committee members, Trustee LeChase and Authority senior staff to the meeting. He said the meeting has been duly noticed as required by the Open Meetings Law and called the meeting to order pursuant to Section B(4) of the Governance Committee Charter.*

1. **Adoption of the Proposed Meeting Agenda**

By motion made and seconded the agenda for the meeting was adopted.

2. **Approval of the Minutes**

The Minutes of the Committee's Regular Meeting of March 27, 2012 and the Special Meetings of April 24 and June 26, 2012 were approved.

**3. Procurement and Real Estate Reports**

Ms. Joan Tursi submitted the following report:

**SUMMARY**

“This memorandum is to advise the Governance Committee of certain 2012 YTD activities of the Corporate Support Services/Enterprise Shared Services (‘CSS/ESS’) Business Unit, including: procurement contract activity, disposal of personal property, acquisition and disposal of real property, Supplier Diversity Program activities and plant inventory statistics, as well as fossil fuels and corporate finance activities of the Energy Resource Management and Business Services Business Units, respectively. This memorandum also advises the Committee of a proposed Corporate Policy relating to Authority vehicles and equipment.

**BACKGROUND**

“Pursuant to Subsection C.5 of the Authority’s Governance Committee Charter relating to Reports, the Vice President Procurement and the Director Real Estate are required to report to the Committee at all regularly scheduled meetings and the Committee has the authority to require Procurement and Real Estate staff to prepare additional reports and to produce documents for Committee review.

“The reported activities are governed by various State laws and regulations and are set forth in the attached Reports.

**DISCUSSION**

“As more fully described in the individual reports attached hereto as Exhibits 3.1 - 3.8, the Procurement Contract Report summarizes activity for procurements of \$5,000 or greater awarded since January 1, 1990 that were active in 2012, as identified by the Authority’s SAP computer system. The Disposal of Personal Property Report lists all personal property disposal transactions over \$5,000 conducted during the reporting period. The Real Estate Report includes all transactions over \$15,000 for the acquisition or disposal of real property. The Supplier Diversity Program Activity Report summarizes dollars awarded to New York State-certified Minority and Women-owned Business Enterprises (‘MWBES’) based on reportable expenditures. The Plant Inventory Analysis lists current stock value and compares it to that of the same period last year, with a brief explanation for any significant increase or decrease. The Fossil Fuels and Corporate Finance Reports list the fuel- and finance-related transactions conducted by the Fuel Operations and Treasury work groups, respectively.

“The proposed Corporate Policy sets forth the use of GPS/Telematic technologies in Authority Fleet vehicles and equipment, with the goal of improving driver safety, optimizing vehicle utilization, lowering costs and increasing productivity.”

*Ms. Patricia Leto presented highlights of the report on the Disposal of Personal Property (Exhibit 3.2). Responding to a question from Chairman Nicandri, Ms. Tursi said the Fleet auctions are conducted two or three times per year by JJ Kane Auctioneers of Rome, NY. She added that the next auction is scheduled for August.*

*Mr. Mark O’Connor presented highlights of the report on the Acquisition and Disposal of Real Property (Exhibit 3.3). Responding to a question from Trustee Mahoney regarding the St. Lawrence Lands Program, Mr. O’Connor said the state of New York under the jurisdiction of the Authority owns most of the lands that borders the St. Lawrence project; therefore, the Authority does not need to receive*

*permission from the State Parks to convey the lands. Also, the Program is a part of the Comprehensive Settlement Plan of the St. Lawrence Project Relicensing Settlement Agreement which was reviewed and approved by the Authority and the Attorney General.*

*Mr. Rod Mullin presented highlights of the report on Fossil Fuel (Exhibit 3.6). Responding to a question from Chairman Nicandri, Mr. Mullin said there has been a lot of activity in the natural gas Industry; natural gas prices are down and, therefore, a number of companies are now building gas lines to take advantage of that supply and use it commercially. As a result, coal units are not able to compete with them. President Quiniones added that there has been reports and analysis done which results show that gas prices will have to go up to the \$5 range before coal plants can be competitive in terms of generating electricity. Statistics have shown that, in the past, 50 % of the electricity produced in the U.S. was from coal-fired power plants; it is now down to 33% -- a substantial decrease in electricity produced from coal because of the much lower price of natural gas.*

*Ms. Joan Tursi presented highlights of the report on the use of GPS/Telematic Technologies on the Authority's Fleet Vehicles and Equipment (Exhibit 3.8). Responding to a question from Trustee Mahoney, Ms. Tursi said the Authority is currently discussing the GPS system with the union. Mr. Welz added that the Authority is discussing the impacts of the GPS system and monitoring of employee licenses with the union. In response to a comment from Trustee Flynn, Ms. Tursi said the Authority is implementing the licensing monitoring program to ensure that employees driving its fleet vehicles have valid driver's licenses. In response to a question from Chairman Nicandri, Ms. McCarthy said the Authority will be using the license monitoring system only to check that employees have a valid driver's license or if it has been suspended or revoked. In response to further question from Trustee Mahoney, Ms. Tursi said the Authority will use a licensing monitoring program currently used by other agencies and authorities, which will alert the Authority, on a continuous basis, if there is a change in the status of an employee's driver's license. The Authority has also contracted a maintenance company, ARI, which will monitor employees with out-of-state driver's licenses. The company will issue a report to the Authority periodically. She reiterated that the Authority will not be notified if an employee has, for example, violations as the result of a DWI or speeding ticket. Responding to further question from Chairman Nicandri, Mr. Welz said some job descriptions require that the employee have a driver's*

*license; if there is an issue with such an employee's driver's license, it will have an impact on the employee's ability to perform their job. However, the Authority will deal with such instances on a case by case basis. Ms. McCarthy added that any disciplinary action taken would depend on the information received regarding the status of the license. The Business Unit would evaluate the issue; however, it could have an effect on the employee's job.*

**4. Recent Developments and Status of NYPA's Ethics and Compliance Program**

Mr. Joseph Gryzlo submitted the following report:

**ETHICS and COMPLIANCE**

**SUMMARY**

“The Office of Ethics and Compliance advises NYPA’s trustees, officers and employees on the applicable ethics and compliance standards relating to NYPA’s employees and operations. It coordinates the investigation of allegations and concerns involving NYPA’s assets and employees. This report highlights significant developments in NYPA’s ethics and compliance program for the period March 27, 2012 to July 31, 2012.

**BACKGROUND**

“The principal substantive issues arising under the NYS ethics laws and NYPA’s Code of Conduct investigated or researched since the most recent Governance Committee report on March 27, 2012 include various requests to engage in outside activities and employment and issues concerning conflicts of interest, gifts inquiries, post-employment restrictions and unwarranted privileges. The Office receives inquiries from all NYPA facilities and headquarters’ business units. Issues raised by and concerning NYPA’s bargaining unit employees have increased since the inclusion of the represented workforce within the scope of the Code of Conduct in late 2009.

“The Office of Ethics and Compliance provides annual training to all trustees, officers and employees to reaffirm NYPA’s commitment to prevailing ethics principles and raise awareness of the laws and regulations with which all NYS public employees are required to comply. NYPA’s positive culture of ethics and compliance is further reinforced by various training initiatives, including the May 2012 NYS Office of Inspector General program, as well as targeted employee communications relating to the NYS financial disclosure program, gifts restrictions, honoraria guidelines, periodic ‘Ethics Challenges’ appearing in NYPA’s Currents publication and customized presentations for NYPA’s Compliance Work Group and business units and departments.

**DISCUSSION**

**Ethics Caseload**

“Annual ethics training related to Outside Activities and Employment was provided during the fourth quarter of 2011 and first quarter of 2012 and continues to result in various requests to review the external activities of NYPA employees. These requests include approvals to perform services as part-time municipal law enforcement officials, Justice of the Peace and fire investigator; engineering consultants and professional board memberships. In all instances, the Office of Ethics and Compliance evaluates employees’ reported outside activities and employment to ensure there are no conflicts of interest with NYPA’s business interests and the employees’ NYPA job duties. Written guidelines are provided which identify the circumstances under which employees may participate in part-time outside endeavors. Employees affirmatively agree to adhere to the guidelines which include the need to perform their outside pursuits solely on their own time and without the use of any NYPA assets or resources. Those employees holding ‘policy-making’ positions and others who are required to file annual financial disclosure forms with the NYS Joint Commission on Public Ethics (‘JCOPE’) are instructed to include their outside employment and related compensation in their filing. Requests to engage in outside employment by employees holding ‘policy-making’ positions are also required to be approved by the JCOPE. Those approvals are coordinated by the Office of Ethics and Compliance.

“Gifts inquiries remain a top issue for the Office of Ethics and Compliance. In the recent reporting period, thirteen inquiries were reviewed, including a request to re-visit a prior opinion relating to an employee’s participation on an external organization’s board and the propriety of his being able to accept complimentary travel and lodging from a program sponsor. An organization offered to pay the out-of-state travel and lodging expenses for the NYPA employee who was asked to moderate a panel discussion at the organization’s annual meeting. The Office of Ethics and Compliance previously advised the employee not to accept complimentary travel and lodging since the employee’s role on the external board and participation in the meetings were related to his NYPA job duties and had benefited NYPA. The Office of Ethics and Compliance reaffirmed its prior opinion after researching the applicable provisions of the NYS Public Officers Law and related regulations.

“NYPA’s Sustainability Program is the culmination of the ‘triple-bottom line’ approach of environmental stewardship, social equity and economic prosperity. The Green Team, NYPA’s voluntary sustainability committee, sought to implement an internal blog to engage employees in discussions related to green products and services found or used by other NYPA employees. The blog poses potential improper endorsement and unwarranted privilege ethical issues for employees who may post information related to the products they use. By naming a particular product on an officially sponsored NYPA website, it may appear that NYPA and the employee are endorsing the product or the services of a particular vendor in violation of NYS Public Officers Law § 74(3)(d). Violations of the Public Officers Law are enforced against public employees, not state agencies. In an attempt to help the Sustainability Group and NYPA reach their eco-friendly goals, the Office of Ethics and Compliance has agreed to act as moderator of the blog to assist employees in making posts that share valuable ‘green’ information, while helping them to avoid violations of the Public Officers Law or create the appearance of such violations.

#### Collaboration with the New York State Inspector General’s Office

“The Ethics and Compliance Office continues to collaborate with the NYS Inspector General’s Office on investigations of allegations and complaints involving NYPA employees and business partners. Issues of corruption, fraud, criminal activity, conflicts of interest or abuse by state officers and employees relating to their office or employment, or by anyone having business dealings with covered agencies are included within the Inspector General Office’s jurisdiction. Details of pending cases will be provided during the Governance Committee Executive Session.

“The Inspector General’s Office concluded one case involving a NYPA employee during the current reporting period. A Security Sergeant at the Clark Energy Center was arrested on charges that he used a NYPA credit card to purchase gasoline for his personal vehicle and falsified records to cover up his theft. NYPA identified the employee’s wrongdoing and referred the matter to the Inspector General and cooperated fully with the external investigation. The employee remains on unpaid disciplinary suspension status pending the resolution of the criminal proceedings.

#### MATTERS BEFORE THE JOINT COMMISSION ON PUBLIC ETHICS

“Financial Disclosure forms were due to be submitted to the JCOPE by May 15, 2012. All NYPA trustees, employees holding ‘policy-making positions’ and those earning an annual salary greater than \$88,256 were required to file their financial disclosure information for the 2011 filing period. The great majority of NYPA filers continue to utilize the online filing process. JCOPE experienced website challenges during its initial administration of the program throughout the filing period. The Office of Ethics and Compliance intervened on many employees’ behalf and facilitated the successful filing of financial disclosure forms and requests for exemptions. JCOPE anticipates that these program filing difficulties will be resolved prior to the 2013 filing period.

#### TRAINING AND OUTREACH

“The Ethics and Compliance Office offered a Supervisory Development Training module to approximately 15 new supervisors during this reporting period. This training session is conducted twice annually in conjunction with the Human Resources Talent Development Group and is designed to provide

supervisors with an overview of the types of ethical issues they may encounter from their employees and to offer them an opportunity to ask any ethics-related questions they may have in their new roles.

“The NYS Inspector General Office’s Director of Training made four presentations to headquarters staff in May. The purpose of these training sessions was to review the jurisdiction of the Inspector General and highlight employees’ legal responsibility to report wrongdoing, including bribery, conflicts of interest, fraud, theft and governmental waste. The Inspector General’s Office cited its favorable working relationship with NYPA and also encouraged employees to report their concerns through NYPA’s internal resources and the outsourced employee concerns hotline (1-877-TEL-NYPA). The Law Department and Office of Ethics and Compliance intends to communicate the Inspector General’s message to NYPA’s facilities during 2012 and tailor the presentations to NYPA’s business and operations.

#### COMPLIANCE PERFORMANCE MEASURES

“The Office of Ethics and Compliance has developed and is facilitating the implementation of two NYPA performance measures. These measures are designed to create a centralized inventory of (i) all statutory and regulatory mandated reports NYPA must prepare and file with external entities and (ii) all statutory and regulatory mandated training initiatives NYPA must provide to its trustees, officers and employees. The centralized database has been created and business units and departments are in the process of identifying and entering the mandatory reports and training applicable to their groups. The Office of Ethics and Compliance will monitor inventories for compliance and work with the Law Department to verify the accuracy and timeliness of the data.

#### RELIABILITY STANDARDS COMPLIANCE

##### SUMMARY

“This report highlights important aspects of NYPA’s reliability standards compliance program for the period March 27, 2012 to July 31, 2012. A brief background statement is followed by discussion of specific reliability standards-related topics affecting the enterprise.

##### BACKGROUND

“Following the 2003 Northeast blackout, the Energy Policy Act of 2005 was passed and gave the Federal Energy Regulatory Commission (‘FERC’) the power to establish mandatory standards for electric reliability. FERC named the North American Electric Reliability Corporation (‘NERC’) as its Electric Reliability Organization (‘ERO’) and charged it with developing and enforcing reliability standards. The Northeast Power Coordinating Council (‘NPCC’) is NERC’s enforcement agent for the Northeast U.S. NERC established an organization and processes for developing, implementing and enforcing standards. The initial set of standards became enforceable on June 18, 2007. Since then, the standards have continued to be expanded and revised to address known gaps in the standards or gaps discovered from lessons learned from analyses of more recent system disturbances and blackout events.

“NYPA is currently registered, under the NERC functional registration model, as a Transmission Owner, Generator Owner, Generator Operator, Purchasing and Selling Entity, and Load Serving Entity. Recently, NYPA requested de-registration as a Load Serving Entity. Under these registrations, NYPA is subject to 115 standards containing 379 requirements. The standards cover a wide range of NYPA’s operation and maintenance activities and processes. In addition, NYPA is subject to some more stringent standards and reliability requirements established by NPCC.

In the period 2007 to 2010, NYPA strengthened its internal compliance program to guide the organization and provide oversight of the processes required to maintain evidence required to demonstrate compliance to the standards. This involved organizational restructuring, the establishment of a governance program through the creation of new or the modification of existing policies and procedures, and the provision of training of the staff.

## DISCUSSION

### NERC Reliability Standards Compliance Enforcement Actions

“During the reporting period, NYPA staff managed compliance enforcement actions related to several of the NERC Reliability Standards that are applicable to NYPA’s NERC registrations. The actions and statuses are briefly stated below:

1. PRC-005-1 R2 - Transmission and Generation Protection System Maintenance and Testing (NERC Violation ID: NPCC201100236): NYPA self-reported to NPCC a potential violation of the requirement R2 of PRC-005-1 on February 11, 2011. The associated mitigation plan closure documents are being reviewed by NPCC staff. NPCC has not yet contacted NYPA about settlement discussions related to this violation.
2. CIP-004-3 R2 - Cyber Security - Personnel and Training (NERC Violation ID: NPCC2012200446): NYPA self-reported to NPCC a potential violation of requirement R2 of CIP-004-3 on February 16, 2012. The mitigation plan and associated closure documents were submitted to NPCC for review and approval in April 2012, submitted to NERC for approval on May 18, and were approved by NERC and submitted to FERC on June 14.
3. CIP-004-3 R4.2 - Cyber Security - Personnel and Training (NERC Violation ID: NPCC2012-200459): NYPA self-reported to NPCC a potential violation of requirement R4 of CIP-004-3 on March 12, 2012. The mitigation plan was submitted in April 2012 and completed in late June 2012. The mitigation plan closure documents are being assembled for submittal to NPCC in July 2012.
4. CIP-006-3 R4 – Cyber Security – Physical Security of Critical Cyber Assets: (NERC Violation ID: NPCC2012-200657): NYPA self-reported to NPCC a potential violation of requirement R4 of CIP-006-3 on June 21, 2012. The self-report is being reviewed by NPCC staff.

### Audits of the NERC Reliability Standards

“NPCC notified NYPA on March 14, 2012 that it would conduct a spot check audit of two Purchasing and Selling Entity (‘PSE’) standards applicable to NYPA as a registered PSE. The audit was conducted for the following standards:

1. IRO-005-3 R10: Reliability Coordination - Current Day Operation
2. VAR-001-2 R5: Voltage and Reactive Control

“The NPCC Spot Check team evaluated compliance with two (2) applicable requirements out of the twenty-four (24) requirements associated with the above standards for the period of June 21, 2011 to May 9, 2012. The NPCC Spot Check team determined that the remaining twenty-two (22) requirements were not applicable to NYPA. Based on the information and documentation provided, the NPCC Spot Check team found NYPA to have no findings of non-compliance with two (2) applicable requirements. The NPCC Spot Check team identified zero (0) Possible Violations, zero (0) Areas of Concern and zero (0) Recommendations. The NPCC Spot Audit report is expected to be finalized by the end of July 2012.

### BULK ELECTRIC SYSTEM DEFINITION

“In 2010, FERC issued its final rule on the Electric Reliability Organization Definition of the Bulk Electric System (‘BES’) to include assets greater than 100 kV. Pursuant to FERC Order 743, NERC established a Standard Drafting Team (‘BES SDT’) to develop a new BES definition and RSC staff is monitoring the work of the BES SDT. The definition and an exception process were developed and

approved by the industry in 2011. The NERC Board of Trustees approved the new BES Definition and the Exception Process in January 2012. NERC filed both with FERC on January 25, 2012.

“On June 21, 2012 FERC issued a proposal that would approve NERC’s revisions to the definition of the bulk electric system to provide greater clarity and ensure consistency in identifying system elements across the nation’s reliability regions. Under the new definition, all assets operating at 100 kV or greater will be elements of the bulk electric system. NERC’s Notice of Proposed Rulemaking (‘NOPR’) also proposes to approve NERC’s new rules of procedure for adding elements to and removing them from the definition on a case-by-case basis. While proposing to approve the revisions to the definition of the BES, the NOPR also seeks comment on certain issues, including the exclusion of certain facility configurations from the definition.

“The new BES definition will have substantive impacts on New York State’s electric utilities, including NYPA, because a larger population of generation and transmission assets will be subject to NERC Reliability Standards. In this regard, the Northeast Power Coordinating Council (‘NPCC’) established a BES Transition Plan that contains actions for assessing the impact of the new BES Definition. As part of NPCC’s BES Transition Plan, in March, NYPA developed and submitted to NPCC a list of newly identified transmission assets that will become part of the BES pursuant to a new definition of the BES. NYPA identified 35 additional assets that will be subject to the NERC Reliability Standards:

1. Five (5) transmission lines
2. Seven (7) transformers
3. Twenty-three (23) reactive devices

“These newly identified BES elements represent a 50% increase in the number of NYPA BES elements. In June, NYPA staff began a reliability compliance gap analysis for these 35 transmission assets, pursuant to NYPA’s current NERC functional registrations.

“More importantly, the adoption of the new BES definition may require NYPA to register as a Transmission Operator (‘TOP’) and/or a Transmission Planner (‘TP’), which will lead to additional compliance responsibilities and accountabilities. Currently, the New York Independent System Operator (‘NYISO’) is the TOP and TP for NYPA’s bulk power system elements. Under the new definition, the NYISO is not expected to take these responsibilities for any of the newly identified transmission elements in New York State. The responsibilities are expected to be distributed among the New York Transmission Owners (‘NYTOs’). In response to these projected impacts, in February 2011, the NYISO and the NYTOs established a team to discuss and develop an action plan to address the statewide impacts of the implementation of the new BES definition. This group has been meeting regularly to clarify the impacts with respect to functional responsibility and compliance accountability for the TOP and TP Standards. The objective is to reach agreement on a registration model that will work for New York State and meet the requirements of NPCC and NERC. The team expects to accomplish its objective before the end of 2012.

#### NERC RECOMMENDATIONS TO INDUSTRY – Facility Ratings for Transmission Lines

“On October 7, 2010, NERC issued a ‘NERC Alert – Recommendation to Industry’ requiring NYPA to review its current Facility Ratings Methodology for its solely- and jointly-owned transmission lines to verify that the methodology is based on actual field conditions (in particular, line clearances). NYPA continues to implement its work plan for responding to this Recommendation to Industry. NYPA’s assessment revealed that it has about 260 line clearance discrepancies in NYPA’s 1,400 miles of transmission lines; about 50 of which are on lines rated as high priority. Staff has developed and is implementing a plan to eliminate the discrepancies on the high priority lines by the end of 2012; a significant undertaking. Contact has been established with other utilities to seek their assistance in remediating some of the discrepancies related to distribution lines that transect NYPA’s transmission lines. NYPA has met several times with the NYISO, the Reliability Coordinator for New York; to coordinate the implementation of the remediation plan. The NYISO is working with NYPA to schedule transmission line

outages required for the remediation work. The last meeting with the NYISO occurred on July 12, 2012. The most recent status report, required by NERC, was submitted to NPCC on July 16, 2012.”

*Mr. Randy Crissman provided highlights of the report on Reliability Standards Compliance to the Committee. He added that Version 5 of the Critical Infrastructure Protection (“CIP”) standards being developed regarding Cyber Security in the electricity industry will be approved by the end of the year and will be enforceable in 2014 – 2015. President Quiniones said that since the 2003 blackout, cyber security has been an evolving part of the Authority’s business. Various U.S. House of Representatives and U.S. Senate legislative bills on cyber security are being drafted, which may have an impact on the Authority.*

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

*Mr. Chairman, I move that the Authority conduct an executive session pursuant to the Public Officers Law of the State of New York section §105 to discuss matters leading to the appointment, employment, promotion, demotion, discipline, suspension, dismissal or removal of a particular person or corporation.* Upon motion made and seconded an Executive Session was held

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

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

7. **Next Meeting**

The next regular meeting of the Governance Committee is scheduled for Tuesday, October 30, 2012 at 8:30 a.m.

**Closing**

On motion made and seconded, the meeting was adjourned by the Chairman at approximately 10:50 a.m.

A handwritten signature in cursive script, appearing to read "Karen Delince".

Karen Delince  
Corporate Secretary

July 31, 2012

**EXHIBITS**  
**TO**  
**July 31, 2012**  
**Meeting Minutes**

**PROCUREMENT CONTRACTS SUMMARY**

**June 30, 2012**

The following is a summary of all procurement contracts including multi-year contracts awarded prior to June 30, 2012. These contracts have been active during 2012 and are \$5,000 or greater in value. There are 1,582 such contracts with a total estimated value of more than \$2.7 billion not including fossil fuel or corporate finance expenditures covered in Sections 5.6 and 5.7 of this report. The total expenditures thus far in 2012 have exceeded \$191 million for these contracts.

- 12% of these contracts are for construction work;
- 44% are for the purchase of equipment and commodities;
- 13% are for personal service contracts such as professional consulting services
- 1% are for architectural and engineering services
- 2% are for legal services
- 28% are for other services, such as maintenance, technicians, contracted personnel, maintenance and repairs.

Based on the total value of the contracts included in this summary, approximately 96% of the total dollars expended were for contracts that were competitively bid. The basis for the sole source awards included the purchase of highly specialized spare parts and services from original equipment manufacturers, procurement of services on an emergency basis and proprietary sources.

On March 27, 2012, the “2011 Annual Report of Procurement Contracts” was certified by the Authority’s Chief Financial Officer and reviewed and approved by the Trustees.

In accordance with Section 2879 of the Public Authorities Law (PAL) requirement the Annual Report of Procurement Contracts was filed with the Director of the Division of the Budget, the Department of Audit and Control, the Department of Economic Development, the Senate Finance Committee, the Assembly Ways and Means Committee and the Authorities Budget Office. The Annual Report consisted of particular information concerning procurement contracts as well as a copy of the Authority’s current Guidelines including the Guidelines for Procurement Contracts, the Guidelines & Procedures for the Disposal of Personal Property, and the Guidelines & Procedures for the Disposal of Real Property.

The Annual Report of Procurement Contracts was submitted to the NYS Comptroller’s Public Authorities Reporting Information System (PARIS) in accordance with Section 2879 of the PAL by the March 31, 2012 deadline.

**DISPOSAL OF PERSONAL PROPERTY**  
**January – June 2012**

**Guidelines and Procedures for the Disposal of NYPA Personal Property**

Public Authorities Law (“PAL”) § 2896, enacted as part of the Public Authorities Accountability Act of 2005 (“PAAA”), as amended by the Public Authorities Reform Act of 2009 (“PARA”), requires the Authority to establish and to annually review and approve written policies and procedures on the disposition of Authority-owned Personal Property. Such Property includes, but is not limited to, materials, tools, equipment and vehicles with a value in excess of \$5,000. In compliance with the PAL, the Guidelines and Procedures for the Disposal of Personal Property (“Personal Property Guidelines”) were adopted by the Authority’s Board of Trustees in March 2006 and have been amended as deemed advisable and necessary, and reviewed and approved annually since that date, most recently on March 27, 2012. Such Guidelines were included in the Authority’s § 2800 Annual Report and other filings submitted to various State entities by March 31, 2012.

**2012 YTD Report of Disposal of Personal Property**

The PAL also requires the preparation of a report, not less frequently than annually, listing all Personal Property disposed of during the reporting period. To that end, the 2012 YTD Report of Disposal of Personal Property over \$5,000 in value is attached. The description of the property, purchaser’s name and price received by the Authority, as required by PAL § 2896, will be included in the official 2012 Annual Report of Disposal of Personal Property (to be finalized in the First Quarter of 2013 for review and approval by the Trustees at their March 2013 meeting, and included in the Authority’s filings with various State entities). The sale price and other additional data (such as fair market value, date of transaction, full address of purchaser, etc.) required by the Authorities Budget Office (“ABO”) will be included in the 2012 Public Authorities Reporting Information System (“PARIS”) Annual Report of Personal Property Disposal for submittal to the ABO by March 31, 2013.

**Facilities – First and Second Quarter Activity, YTD Summary and Subtotal**

During the reporting period, there were six (6) competitively bid Personal Property Disposal transactions over \$5,000 in value, as further set forth on page 1 of the attached Report. Of this number, five (5) such transactions were conducted by the Property Disposal Coordinators (“PDCs”) at the Facilities -- for the sale of scrap metals at the Niagara and St. Lawrence Projects and scrap copper cable at the Poletti Project, resulting in payment to the Authority of \$54,223.65.

The Authority also participated in one online auction (January 4 – February 3, 2012) handled by the firm Auctions International for the sale of three (3) prime power emergency duty generator sets at the Blenheim-Gilboa Project. Such auction resulted in net proceeds to the Authority of \$18,200.

In summary, the **Facilities 2012 YTD Total “Price Received by the Authority” for the six Personal Property Disposal transactions over \$5,000 was \$72,423.65.**

**Fleet – First and Second Quarter Activity, YTD Summary and Subtotal**

During the reporting period, there were 14 disposal transactions with a Sale Price over \$5,000 conducted on behalf of the Authority’s Fleet Operations Division, as listed on page 2 of the attached Report. The Authority participated in three Fleet-related auctions\* conducted by the firm JJ Kane Auctioneers, which resulted in the sale of 41 units comprising light duty vehicles, heavy duty trucks and special equipment. Of this number, there were 14 disposal transactions with a Sale Price over \$5,000, which are listed on the attached Report. The total auction “Sale Price” (Gross) for these 14 units was \$207,450, which resulted in a “Price Received by the Authority” (Net Amount) of \$199,626.46 after commission and transportation costs were deducted.

\*There were two auctions held on March 24, 2012, in Medford, NY and Rome, NY, that resulted in the sale of a total of 8 units, all under \$5,000 and therefore not included in the attached Report. The third auction was held on May 5, 2012 and resulted in the sale of 33 units, of which 14 were over \$5,000.

In summary, the **Fleet 2012 YTD Total “Price Received by the Authority” for the 14 transactions over \$5,000 was \$199,626.46.**

**2012 YTD Grand Total as of 6/30/12**

As summarized on page 2 of the attached Report, the **2012 YTD Grand Total “Price Received by the Authority” (Net Amount)** for all Personal Property with a value in excess of \$5,000 was **\$272,050.11** [Sale Price (Gross) \$279,873.65 less \$7,823.54 (commission / transportation fees, where applicable)]. (It should be noted that an additional \$21,935.14 was received for the sale of 27 Fleet units with a value less than or equal to \$5,000, which are not included in the attached Report.)

**POWER AUTHORITY OF THE STATE OF NEW YORK**  
**2012 YTD REPORT OF DISPOSAL OF PERSONAL PROPERTY OVER \$5,000**

DESCRIPTION	PURCHASER	SALE PRICE	PRICE RECEIVED by the Authority
SCRAP METALS AT NIAGARA PROJECT	NIAGARA METALS LLC	\$ 9,137.44	\$ 9,137.44
PRIME POWER EMERGENCY DUTY GENERATOR SETS (3) AT B-G PROJECT	CAMP AUTO & TRUCK PARTS INC	\$ 18,200.00	\$ 18,200.00
SCRAP METALS AT NIAGARA PROJECT	NIAGARA METALS LLC	\$ 7,974.76	\$ 7,974.76
SCRAP METALS AT ST. LAWRENCE PROJECT	WEITSMAN RECYCLING LLC	\$ 12,950.00	\$ 12,950.00
SCRAP METALS AT NIAGARA PROJECT	NIAGARA METALS LLC	\$ 8,290.45	\$ 8,290.45
SCRAP COPPER CABLE (FROM SCPP – HELL GATE) AT POLETTI PROJECT	GERSHOW RECYCLING	\$ 15,871.00	\$ 15,871.00
	<b>SUBTOTAL:</b>	<b>\$ 72,423.65</b>	<b>\$ 72,423.65</b>

**POWER AUTHORITY OF THE STATE OF NEW YORK**  
**2012 YTD REPORT OF DISPOSAL OF PERSONAL PROPERTY OVER \$5,000**  
**FLEET OPERATIONS**

DESCRIPTION	PURCHASER	SALE PRICE	Commission/ Transportation Fees	PRICE RECEIVED * by the Authority
1997 FONTAINE POLE TRAILER	COOPERSBURG KENWORTH	\$ 5,100.00	\$ 267.28	\$ 4,832.72
2000 CHEVY K2500 PICKUP	B J MOTORS	\$ 6,500.00	\$ 309.28	\$ 6,190.72
2000 CHEVY K3500 PICKUP	UPSTATE AUTO SALES INC	\$ 6,750.00	\$ 316.78	\$ 6,433.22
2000 FONTAINE POLE TRAILER	COOPERSBURG KENWORTH	\$ 5,200.00	\$ 270.28	\$ 4,929.72
2000 INTERNATIONAL TRUCK	STEVEN J HALL GENERAL CONTRACTOR INC	\$ 15,500.00	\$ 579.28	\$ 14,920.72
2001 KENWORTH T800B TRUCK	RIDGE ROAD LEASING LLC	\$ 79,000.00	\$ 2,484.28	\$ 76,515.72
2001 TRAILIZE LOWBOY TRAILER	ALDEN TRUCKS LTD	\$ 19,500.00	\$ 699.28	\$ 18,800.72
2003 GMC K2500 PICKUP	B J MOTORS	\$ 8,000.00	\$ 354.28	\$ 7,645.72
2004 CHEVY TAHOE	WILLIAM CHMIELEWSKI	\$ 7,500.00	\$ 339.40	\$ 7,160.60
2004 FORD F350 PICKUP	UPSTATE AUTO SALES INC	\$ 8,000.00	\$ 354.28	\$ 7,645.72
2005 FORD F250 PICKUP	MARK LEHAN	\$ 8,400.00	\$ 366.28	\$ 8,033.72
2007 FORD F350 PICKUP	EARTH MOTOR CARS	\$ 12,500.00	\$ 489.28	\$ 12,010.72
2007 FORD F350 PICKUP	EARTH MOTOR CARS	\$ 12,500.00	\$ 489.28	\$ 12,010.72
2007 FORD F350 PICKUP	EARTH MOTOR CARS	\$ 13,000.00	\$ 504.28	\$ 12,495.72
	<b>FLEET SUBTOTAL:</b>	<b>\$ 207,450.00</b>	<b>\$ 7,823.54</b>	<b>\$ 199,626.46</b>
	<b>+ SUBTOTAL PAGE 1:</b>	<b><u>\$ 72,423.65</u></b>	<b>---</b>	<b><u>\$ 72,423.65</u></b>
	<b>GRAND TOTAL:</b>	<b><u>\$ 279,873.65</u></b>	<b>\$ 7,823.54</b>	<b><u>\$ 272,050.11</u></b>

\* Sale Price less commission / transportation costs; includes items where the Sale Price exceeded \$5,000

**ACQUISITION AND DISPOSAL OF REAL PROPERTY  
JANUARY 1 – JUNE 30, 2012**

Section 2896 of the Public Authorities Law (PAL) requires a report setting out all real property transactions of the Authority over a given reporting period. Such report shall consist of a list and full description of all real property disposed of during such period. The report shall contain the price received by the Authority and the name of the purchaser. There is no monetary threshold so all disposals regardless of value need to be reported. In addition, acquisitions and leasing transactions are also included in this report. All acquisitions and dispositions reported herein were approved by the Authority's Trustees and/or are consistent with current Trustee approved Expenditure Authorization Procedures. The reporting period is January 1 – June, 30, 2012.

**I. ACQUISITIONS**

Burrows Excavation – The real estate group along with NYPA's law department settled a long-standing litigation with Burrows Excavating on terms very favorable to the Authority. This settlement included the conveyance by Burrows of an access easement to allow NYPA to gain access to critical infrastructure on the NATL. This Indenture was filed on June 6, 2012.

Niagara University – Acquired from Niagara University a small parcel of property adjacent to the Niagara Power Plant to be used for the construction and maintenance of a decorative wall and berm. This wall is to visually shield a portion of the NYPA substation from the Niagara University campus. This acquisition resolves an important licensing commitment. This Indenture was recorded on May 25, 2012.

CSX Railroad – Acquired permanent rights to cross CSX's tracks which allows permanent access to the Authority into the newly dedicated ice boom storage site.

Mike Woodward – Acquired 1,500 linear feet to be used as off right-of-way access from Mr. Woodward. This easement also allows us to use an existing road thereby saving the Authority major cost of building its own road into this region of the NATL. This Indenture was recorded on February 27, 2012.

Danger Tree Permits/Land Use Permits – Danger tree permits acquired and land use permits issued along NYPA's transmission system.

During this reporting period, the Authority acquired 46 danger tree permits. These rights allow the Authority to eliminate dangerous vegetation which is critical to the safe operation of the New York State transmission grid. The transmission facilities covered by these danger tree permits include the Niagara-Adirondack, Fitz-Edic, Plattsburgh-Vermont, and Gilboa-New Scotland. This is an on-going effort.

In addition, the real estate group issued 11 land use permits for use of the Authority's easement areas. These permits, with their accompanying insurance requirements, assure the use of the Authority's easement consistent with the operation of our transmission lines. In addition, these permits can be used to allow other State and municipal entities use of NYPA facilities. A listing of these permits and their respective purposes is set out below.

**Permit No.**

BG-09-1P-A1

**Permittee**

NYSE&amp;G

**Type of Permit****Permit Requiring Insurance****Purpose**

Amendment 1 issued to add "Authority does hereby grant permission to the Permittee to extend the said distribution line by adding 2 poles numbered 8 and 9 along with aerial wires and removal of trees and brush." Construct, install, operate, maintain, repair, replace, and remove a distribution line to service a residence consisting of two (2) poles, one (1) anchor and 500 feet of aerial (overhead) conductor along the easterly shoulder of the Haul Road which is owned in fee by the Authority together with the necessary accessories and appurtenances thereto. AMENDMENT I - Authority grants permission to the Permittee to extend the said distribution line by adding 2 poles, numbered 7 and 9 along with aerial (overhead) wires and removal of trees and brush.

**Date Issued**

5/24/2012

**Permit No.**

MRG-10-1P-A1

**Permittee**

ALCOA, Inc.

**Type of Permit****Permit****Purpose**

Install, operate, maintain, repair, replace, and remove a monitoring and pump well and two piezometers between the Authority's MRG 1 and MRG 2 115 kV transmission lines together with the necessary accessories and appurtenances thereto. Amendment 1 - modify the previously installed wells on said permit for 3 additional wells along with a pipe within a pipe water transfer system. The extraction well system is to consist of 5 four inch wells submersible pumps, pump controllers, and piping.

**Date Issued**

4/26/2012

**Permit No.**

MS-11-4P

**Permittee**

Forestry Services

**Type of Permit****Special Use Permit****Purpose**

Construct, install, maintain and repair an access road to run perpendicularly across the Authority's transmission line easement.

**Date Issued**

1/13/2012

**Permit No.**

WPO-11-1P

**Permittee**

Westchester County Office of the District Attorney

**Type of Permit****Temporary Use****Purpose**

Use a portion of the 7th floor in the WPO building for general office purposes and for no other purpose.

**Date Issued**

1/18/2012

**Permit No.**

WPO-11-2P

**Permittee**

Westchester County Narcotics Initiative

**Type of Permit**  
**Temporary Use**  
**Purpose**

Use a portion of the 7th floor in the WPO building for general office purposes and for no other purpose.

**Date Issued**  
1/12/2012

**Permit No.**  
01-11-SLPP

**Permittee**  
New York Power Authority

**Type of Permit**  
**Access Road Permit**  
**Purpose**

Permitter: Gary E. Acres Trust & Chad E. Acres Trust -Construct, repair, maintain, use and remove an access road and staging area on and across land owned by Permitters.

**Date Issued**  
2/28/2012

**Permit No.**  
NPP-12-1P

**Permittee**  
OPR&HP

**Type of Permit**  
**Permit Requiring Insurance**  
**Purpose**

Construct, operate, maintain, repair, replace and remove, a public park, outdoor amphitheater and certain improvements on other structures, together with necessary accessories and appurtenances thereto.

**Date Issued**  
5/21/2012

**Permit No.**  
NPP-12-2P

**Permittee**  
Niagara Falls Bridge Commission

**Type of Permit**  
**Permit Requiring Insurance**  
**Purpose**

repairs to the United States side of the Rainbow Bridge, including but not limited to skewback concrete, bridge seat, column spall and pedestrian sidewalk. together with necessary accessories and appurtenances thereto

**Date Issued**  
6/8/2012

**Permit No.**  
SLPP-12-2P

**Permittee**  
Clarkson University/Langen and Stryszowska

**Type of Permit**  
**Site Access Agreement**  
**Purpose**

Access to the wetland sites for the sole purpose of biodiversity sampling of the wetlands.

**Date Issued**  
5/22/2012

**Permit No.**  
NPP-12-4P

**Permittee**  
Maid of the Mist Corporation

**Type of Permit**

**Permit Requiring Insurance**

**Purpose**

Gain access and the investigation of existing conditions at the former Schoellkopf Power Plant Site as shown on attachment "B" and to conduct all work as described in attachment "C".

**Date Issued**

6/22/2012

**Permit No.**

NPP-12-5P

**Permittee**

Niagara Tourism and Convention Corporation

**Type of Permit**

**Special Use Permit**

**Purpose**

Use of the Power Authority's Power Vista parking lots B2 and C only for parking for the public from 5 p.m. 6/15/12 to 1 a.m. 6/16/12. This is for a special event.

**Date Issued**

6/15/2012

II. DISPOSITIONS

Erie Canal Harbor Development Corporation - Transferred to ECHDC a 14 acre site located on the shore of Lake Erie. This site had been owned by the Power Authority since 1973 and had been used for the laydown and storage of NYPA's ice boom. NYPA recently acquired a 10 acre site located 2 miles up the Buffalo River which the Authority has modified to use as the new laydown area for the ice boom. This conveyance frees up valuable Lake Erie front property for public development. This conveyance was recorded in the Erie County Clerk's office on May 2, 2012. This also takes care of a long-standing NPP relicensing commitment.

The Niagara Aquarium Foundation – Real Estate conveyed a parcel of property to The Niagara Aquarium Foundation. This property is to be used to improve the landscaping and visual impact on the north side of the property. This conveyance occurred on March 13, 2012 and satisfies a NPP relicensing commitment.

National Grid – Conveyed an easement to National Grid for the construction, operation, and maintenance of a distribution electric line. This line provides power into the new ice boom storage site as well as providing power to the new and newly dedicated Mutual Riverfront Park.

McDonald – We released an easement that had been used for a distribution line to one of NYPA's communication towers. This easement became surplus to NYPA's needs. This release was effectuated May 25, 2012 and takes care of an outstanding liability concern.

III. LEASING

Headquarters Leasing

The Authority maintains facilities which it leases or subleases out to various tenants. The available space in the building at 123 Main Street is essentially 100% leased through this reporting period. However, J. P. Morgan Chase has now vacated their leasehold of 29,300 square feet on the 4<sup>th</sup> floor at 123 Main Street. We are currently looking at various options for this space. The space is currently listed with our broker, Newmark Knight Frank, who has been actively marketing and showing the space.

Our total inventory of landlord leases, which generates more than \$2.6M in annual revenue, is set out in the table below.

FACILITY	TENANT	PURPOSE	EXPIRATION	ANNUAL RENTAL
WPO	Berman Bavero	Office Space	9/30/2014	\$201,211.00
WPO	Beacon	Office Space	3/31/2012	\$45,000.00
WPO	Danziger & Markhoff	Office Space	3/31/2017	\$310,227.00
WPO	The Parker Group, Inc.	Office Space	3/31/2012	\$66,450.00
WPO	Hodagaya Chemical	Office Space	5/31/2015	\$69,817.00
WPO	Federal Bar	Office Space	7/31/2016	\$63,817.00
WPO	Continental III, Inc.	Restaurant	2/28/2011	\$34,470.00
WPO	Arch Wireless	Beeper System (WPO Garage)	10/31/2011	\$5,400.00
WPO	Thomas M. Bona, PC	Office Space	12/31/2016	\$290,376.00
WPO	SKCG Group , Inc.	Office Space	1/31/2014	\$464,928.00
WPO	Community Mutual	Office Space	4/30/2015	\$173,491.00
WPO	Misys	Office Space	12/31/2016	\$705,600.00
WPO	Westchester Philharmonic	Office Space	12/31/2014	\$10,875.00
WPO	West. Co. Narcotics Initiative	Office Space (Permit for Temporary Use)	12/31/2014	\$45,780.00
WPO	West. Co. District Attorney	Office Space (Permit for Temporary Use)	12/31/2014	\$22,590.00
WPO	NY State Police	Office Space (Permit for Temporary Use)	12/31/2011	\$47,250.00
WPO	Empire State Development Corp.	Office Space (Permit for Temporary Use)	OPEN	\$5,361.00
WPO	NYS Retirement System	Office Space - part time	12/31/2012	\$6,900.00
WPO	Canter Law Firm	Office Space	10/31/2017	\$53,160.00
SL/FDR	Lake St. Lawrence Yacht	Lease of Land	OPEN	\$2,225.00
SL/FDR	Massena Country Club	Lease of Land	11/30/2015	\$2,000.00
SL/FDR	Twin Brooks Golf Club	Lease of Land	N/A	\$220.00
SL/FDR	Town of Waddington	Agricultural Lease	60 days notice	<u>\$300.00</u>
		TOTAL ANNUAL REVENUES		\$2,627,448.00

#### Canter Law Firm - WPO

During this reporting period, NYPA real estate successfully negotiated, obtained approval from the NYPA Trustees, and finalized the terms of a five year six month lease with Canter Law Firm. This five year six month lease is based on the following terms:

<u>Tenant</u>	<u>Space</u>	<u>Expiration</u>	<u>Annual Rental</u>
Canter Law Firm	2,215 rsf on the 9 <sup>th</sup> floor	10/31/2017	\$53,160

#### Danziger & Markhoff – WPO

During this reporting period, NYPA real estate, along with the law department, successfully negotiated to retain Danziger & Markhoff, a long time tenant of the WPO. This amendment

reduces Danziger's space by approximately 3,000 square feet. This amendment is based on the following terms:

<u>Tenant</u>	<u>Space</u>	<u>Expiration</u>	<u>Annual Rental</u>
Danziger & Markhoff	11,281 on the 9 <sup>th</sup> floor	3/31/2017	\$310,227

In addition, we are currently negotiating with two existing tenants, SKCG and MYSYS, in hopes of retaining these valuable tenants.

#### Leasing Support for Operating Projects and Transmission Facilities:

Real Estate concluded lease extensions during this reporting period.

Bartnick's Garage – This lease is in support of the Transmission business unit and supplies off-site storage conveniently located to the Marcy plant in Utica. This lease extension now has a current expiration date of April 30, 2014.

Life Extension Module External Warehouse – DRC Development, LLC This lease is for approximately 15,000 square feet of warehouse space located 4.5 miles from the Lewiston Pumped Generating Plant. This lease supplies off-site warehouse space in support of LPGP LEM and has an annual rental of approximately \$190,000. This lease has a term of 8 years commencing July 1, 2012 and commencing June 30, 2020.

Wheatfield Office Park – This lease is in support of the LPGP LEM. This lease contains approximately 7,790 square feet and has an annual rental of \$23,448. This lease extends an existing lease for a period of one year commencing November 1, 2012 and ending October 31, 2013.

Niagara University – A First Amendment of Lease was executed between Niagara University and the Power Authority to extend the lease between the parties for an additional one (1) year term to terminate April 30, 2012. Included in this amendment were additional five one (1) year term renewal options which automatically renew unless terminated. This lease allows NYPA to occupy Niagara University property for the construction, reconstruction, operation, and maintenance of an earthen berm and decorative wall. Ultimately, Niagara University conveyed this property to the Authority.

#### IV. ST. LAWRENCE RELICENSING

##### St. Lawrence Lands Program

On October 31, 2001, the Authority filed an application for a new license, pursuant to Sections 4(e) and 15 of the Federal Power Act for the continued operation and maintenance of the 912 megawatt (MW) St. Lawrence F.D.R. Power Project. On February 6, 2003, the Authority filed a "Comprehensive Accord" (Settlement Agreement). On October 23, 2003, the Federal Energy Regulation Commission (hereinafter "FERC") issued an "Order Approving Settlement Agreements, Dismissing Complaint and Issuing New License" in which FERC *inter alia* approved the Settlement Agreement.

As part of the Settlement Agreement, the Authority agreed to several changes to the Project boundary. These proposed changes removed approximately 1,340 acres from the Project. With these changes, the Authority intends to transfer jurisdiction over approximately 741 acres at Galop Island State Park and environmentally sensitive lands in Lisbon and Waddington to other state agencies. The remaining approximately 599 acres of removed lands are in the process of being conveyed either to the affected local municipality or to adjoining landowners, if interested. For all conveyed lands, the Authority would retain a flowage easement and access easements where appropriate to provide necessary rights to traverse conveyed lands for Project-related activities.

NYPA Surplus Map No	NYPA Surplus Parcel No	Surplus Parcel Acres	Current Owners name	Appraisal Value	Name of Town	Deed Filed in County Clerk
1202C	8720	0.16	Pastore, Curtis and Sara and Pastore, Mary	\$500.00	Lisbon	1/11/2012
1202C	8722	0.16	Margaret MacAulay	\$500.00	Lisbon	4/25/2012
1173C	8444	0.28	JAMES J. DESHAIES and LORI J. DESHAIES	\$4,200.00	Louisville	5/7/2012

During this period, three deeds were finalized and recorded in the County Clerk’s office. This brings the total to 505 of the 599 acres have been conveyed. Of the approximately 520 private parcels to be conveyed, approximately 421 parcels have been completed.

**NEW YORK POWER AUTHORITY SUPPLIER DIVERSITY  
PROGRAM - January – June 2012**

In the last quarter ending June 30<sup>th</sup>, 2012, NYPA awarded \$15.6 million or 17.9% of our reportable expenditures to New York State Certified Minority and Women-Owned Business Enterprises (M/WBEs). In the last two quarters, January 2012 - June 2012, the Authority awarded \$32.2 Million or 19.2 % of our reportable expenditures to New York State Certified M/WBEs. This includes both direct contracts and subcontracts, including construction and energy efficient related work. Reportable expenditures exclude specialty procurements (such as transformers, circuit breakers, turbine runners and other major electrical generating equipment, and commodities such as natural gas, where no M/WBEs are available to provide such goods or services). Increased enforcement and monitoring with respect to our energy efficiency initiatives are continuing to yield notable results.

In accordance with NYS requirements, the Authority for fiscal year 201-2012 was mandated to meet 20% M/WBE participation goal on all applicable Authority contracts. The Authority achieved a goal of 20.03% more than tripling our initial goal of 6%. Additionally, on June 21<sup>st</sup>, 2012, Empire State Development issued their final report to the Governor on the utilization and compliance of all NYS Agencies and Authorities. NYPA will be listed as one of eight (8) Authorities exceeding the 20% goal. The mandated goal for fiscal year 2012-2013 remains at 20% and we are poised to achieve that goal.

It should also be noted that during the first two quarters of this calendar year three different NYS certified M/WBE financial dealers transacted over \$101 Million or 36% of principal sales and purchases for the Authority.

The Authority continues to actively participate in outreach programs with various M/WBE organizations and trade associations. The Authority's 22nd exchange was held at its White Plains office on June 6, 2012. Representatives from nearly 300 M/WBEs and approximately 40 New York State, City, Federal, local and corporate entities participated in the exchange making it one of NYPA's most successful exchanges to date.

**EXHIBIT 3.5****INVENTORY STATISTICS**

As of June 30, 2012

Facility	2012	2011
Niagara	17,311,073	16,792,312
St. Lawrence	10,624,322	11,257,814
Blenheim-Gilboa <sup>1</sup>	8,121,604	7,521,941
Clark Energy Center	5,098,199	4,437,106
Poletti Project <sup>2</sup>	6,534,564	11,810,252
Flynn Project	13,301,589	14,010,612
500 MW Project <sup>3</sup>	24,728,148	20,548,852
Total Stock Value	\$85,719,499	\$86,378,889

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<sup>1</sup> Increase includes spare part materials for BG LEM

<sup>2</sup> Includes \$8.4 million reduction in Poletti inventory due to divestiture, completed October, 2011

<sup>3</sup> Increase includes \$4.1 million for the purchase of spare gas compressor, compressor blades and OEM valves.

3. POWER AUTHORITY OF THE STATE OF NEW YORK  
 PROCUREMENT CONTRACTS  
 JANUARY THROUGH JUNE 2012  
 PAL 2879-a

FACILITY: WPO FOSSIL FUELS

**EXHIBIT 3.6**

CONTRACT NUMBER	PROVIDER NAME	CONTRACT DESCRIPTION	T Y P E	M O A	R A	N A	O P A	M W B E	B I D S	TOTAL CONTRACT AMOUNT	TOTAL EXPENDED TO DATE	AMOUNT EXPENDED 2012	CONTRACT BALANCE	DATE OF CONTRACT	O / C	PROJ COMPLETE DATE	DATE CONTRACT COMPLETE
FD-2008-10	UNITED ENERGY TRADING, LLC 215 Union Blvd. Suite 425 Lakewood CO 80228	Natural Gas Purchase	E	B			F		31	\$45,127,638	\$45,127,638	\$7,086,041	\$0	11/19/2008	O	*	
FD-2008-11	ALLIED ENERGY RESOURCES CORPORATION 1330 Post Oak Blvd Suite 2200 Houston, TX 77056	Natural Gas Purchase	E	B			F	X	31	\$5,500,999	\$5,500,999	\$0	\$0	12/01/08	c	*	10/03/11
FD-2007-09	INUPIAT ENERGY ( Formerly ENJET, INC ) 5373 West Alabama- Suite 502 Houston, TX 77056	Natural Gas Purchase	E	B			F		31	\$148,511,468	\$148,511,468	\$4,447,445	\$0	3/21/2007	O	*	
FD-2001-23	SEMPRA 58 Commerce Road Stamford, CT 06902	Natural Gas Purchase	E	B			F		31	\$168,290,671	\$168,290,671	\$0	\$0	12/01/01	O	*	
FD-2009-03	nationalgrid -LI (Flynn) 100 E Old County Rd Hicksville, NY 11801	Balancing Service	E	S			O	F		\$3,850,000	\$3,850,000	\$550,000	\$0	01/01/09	O	12/31/14	
FD-2009-04	nationalgrid -LI (Flynn) 100 E Old County Rd Hicksville, NY 11801	Transport Service	E	S			O	F		\$8,119,060	\$8,119,060	\$1,416,270	\$0	01/01/09	O	12/31/14	
FD-2009-05	nationalgrid-NY(GKP) One Metrotech Center Brooklyn, NY 11201	Transport Service	E	S			O	F		\$4,958,362	\$4,958,362	\$554,568	\$0	03/01/09	O	03/31/14	
FD-2009-06	nationalgrid -LI(Brentwood) 100 E Old County Rd Hicksville, NY 11801	Transport Service	E	S			O	F		\$405,174	\$405,174	\$77,221	\$0	03/01/09	O	03/31/14	
FD-2009-07	CONOCO PHILLIPS COMPANY 600 North Dairy Ashford Houston, TX 77079	Natural Gas Purchase	E	B			F		31	\$28,360,583	\$28,360,583	\$3,305,522	\$0	05/01/09	O	*	
FD-2010-01	JLA ENERGY LLC Two Riverway, Suite 730 Houston, Tx 77056	Natural Gas Purchase	E	B			F		31	\$1,010,427	\$1,010,427	\$641,750	\$0	02/01/10	o	*	
FD-2010-02	IBERDROLA RENEWABLES 1125 N.W. Couch St. Suite 700 Portland, OR 97209	Natural Gas Purchase	E	B			F		31	\$14,020,974	\$14,020,974	\$48,750	\$0	08/09/10	o		
FD-2002-11	PSEG ENERGY RESOURCES 80 Park Plaza Fl T19 Newark, NJ 07102	Natural Gas Purchase	E	B			F		31	\$11,017,721	\$11,017,721	\$0	\$0	11/01/02	O	*	
FD-2003-09	J. ARON 85 Broad Street New York, NY 10004	Natural Gas Purchase	E	B			F		31	\$83,241,402	\$83,241,402	\$0	\$0	04/22/03	O	*	

3. POWER AUTHORITY OF THE STATE OF NEW YORK  
 PROCUREMENT CONTRACTS  
 JANUARY THROUGH JUNE 2012  
 PAL 2879-a

FACILITY: WPO FOSSIL FUELS

**EXHIBIT 3.6**

CONTRACT NUMBER	PROVIDER NAME	CONTRACT DESCRIPTION	T P E	M O A	R N A	O P A	W B E	B I D S	TOTAL CONTRACT AMOUNT	TOTAL EXPENDED TO DATE	AMOUNT EXPENDED 2012	CONTRACT BALANCE	DATE OF CONTRACT	O / C	PROJ COMPLETE DATE	DATE CONTRACT COMPLETE
FD-2003-10	BP ENERGY COMPANY 501 WestLake Park Houston, TX 77253	Natural Gas Purchase	E	B		F		31	\$202,957,625	\$202,957,625	\$6,010,138	\$0	10/01/04	O	*	
FD-2003-12	CONSTELLATION POWER SOURCE 111 MARKET Place BALTIMORE, MD 21202	Natural Gas Purchase	E	B		F		31	\$55,860,651	\$55,860,651	\$0	\$0	06/09/03	O	*	
FD-2003-15	VIRGINIA POWER ENERGY MARKETING P. O. Box 25773 Richmond, VA 23360	Natural Gas Purchase	E	B		F		31	\$561,532,426	\$561,532,426	\$17,802,161	\$0	07/11/03	O	*	
FD-2004-08	SHELL ENERGY NA (formerly) CORAL ENERGY 909 Fannin Plaza Houston, TX 77010	Natural Gas Purchase	E	B		F		31	\$59,359,753	\$59,359,753	\$0	\$0	04/01/04	O	*	
FD-2004-09	SOUTHWEST ENERGY LP Two Greenway Plaza Houston, TX 77046	Natural Gas Purchase	E	B		F		31	\$180,117,537	\$180,117,537	\$655,888	\$0	06/01/04	O	*	
FD-2004-14	ONEOK ENERGY SERVICES CO. 100 West Fifth Street Tulsa, OK 74103	Natural Gas Purchase	E	B		F		31	\$94,754,910	\$94,754,910	\$0	\$0	11/01/04	O	*	
FD-2005-02	BOSS ENERGY LTD 20445 State Hwy 249 Houston, TX 77070	Natural Gas Purchase	E	B		F		31	\$73,839,766	\$73,839,766	\$0	\$0	01/25/05	O	*	
FD-2005-12	NJR ENERGY SERVICES CO. 1415 Wyckoff Road Wall, NJ 07719	Natural Gas Purchase	E	B		F		31	\$181,081,048	\$181,081,048	\$17,292,493	\$0	09/01/05	O	*	
FD-2006-03	UBS AG / UBS ENERGY LLC 677 Washington Blvd Stamford, CT 06901	Natural Gas Purchase	E	B		F		31	\$126,500,213	\$126,500,213	\$0	\$0	07/28/06	O	*	
FD-2006-05	PETROCOM VENTURES LTD 1616 S Voss Suite 945 Houston, TX 77057	Natural Gas Purchase	E	B		F		31	\$44,715,916	\$44,715,916	\$0	\$0	07/21/06	O	*	
FD-2006-07	TEXAS GAS TRANSMISSION 3800 Frederica Street Owensboro, KY 42301	Firm Gas Transport/Demand Agreement	S	S		F			\$21,459,702	\$21,459,702	\$1,645,428	\$0	07/01/06	O	10/31/17	
FD-2006-08	DOMINION TRANSMISSION 120 Tredegar Street Richmond, VA 23219	Firm Gas Transport/Demand Agreement	S	S		F			\$15,837,028	\$15,837,028	\$1,283,593	\$0	07/01/06	O	10/31/17	
FD-2006-09	TRANSCONTINENTAL GAS PIPELINE (TGPL. 5316) 2800 Post Oak Blvd Houston, TX 77056	Firm Gas Transport/Demand Agreement	S	S		F			\$9,118,440	\$9,118,440	\$728,736	\$0	08/04/06	O	03/31/17	
FD-2006-12	TENASKA MARKETING VENTURES 11718 Nicholas Street Omaha, NE 68154	Natural Gas Purchase	E	B		F		31	\$13,278,515	\$13,278,515	\$1,677,414	\$0	10/01/06	O	*	

3. POWER AUTHORITY OF THE STATE OF NEW YORK  
 PROCUREMENT CONTRACTS  
 JANUARY THROUGH JUNE 2012  
 PAL 2879-a

FACILITY: WPO FOSSIL FUELS

**EXHIBIT 3.6**

CONTRACT NUMBER	PROVIDER NAME	CONTRACT DESCRIPTION	T P E	M O A	R A	O A	M P A	B E	I S	TOTAL CONTRACT AMOUNT	TOTAL EXPENDED TO DATE	AMOUNT EXPENDED 2012	CONTRACT BALANCE	DATE OF CONTRACT	O / C	PROJ COMPLETE DATE	DATE CONTRACT COMPLETE
FD-2007-08	ASSOCIATED ENERGY SERVICES (Formerly Spark Energy Gas) 3010 Briorpark Dr. Suite 550 Houston, TX 77042	Natural Gas Purchase	E	B		F			31	\$94,020,699	\$94,020,699	\$3,509,283	\$0	02/14/07	O	*	
FD-2007-10	ASTORIA GENERATING COMPANY, LP 18-01 20th Avenue Astoria, New York 11105	Oil Delivery Labor Fees	S	S		F				\$34,302	\$34,302	\$0	\$0	7/17/2006	O	*	
FD-2008-01	eCORP ENERGY MARKETING TEN THOUSAND MEMORIAL Houston, TX 77024-3410	Natural Gas Purchase	E	B		F			31	\$72,450	\$72,450	\$0	\$0	02/01/08	O	*	
FD-2008-02	CIMA-ENERGY LTD. 1221 McKinney Houston, Tx 77010	Natural Gas Purchase	E	B		F			31	\$14,597,304	\$14,597,304	\$0	\$0	03/01/08	O	*	
FD-2008-05	SEQUENT ENERGY MGT 1200 Smith Street Houston, TX 77010	Natural Gas Purchase	E	B		F			31	\$36,029,220	\$36,029,220	\$0	\$0	03/01/08	O	*	
FD-1990-33	NORTHVILLE INDUSTRIES CORP (Formerly TOSCO PIPELINE COMPANY) 25 Melville Park Rd Melville, NY 11747	Oil Storage Agmt (SETAUKET)	E	S		F				\$12,206,564	\$12,206,564	\$262,664	\$0	04/01/94	O	09/30/13	
FD-1990-34	NORTHVILLE INDUSTRIES CORP (Formerly TOSCO PIPELINE COMPANY) 25 Melville Park Rd Melville, NY 11747	Oil Storage Agmt. (HOLTSVILLE)	E	S		F				\$3,874,049	\$3,874,049	\$65,666	\$0	10/01/93	O	09/30/13	
FS-1994-17	MERRILL LYNCH (Formerly ENTERGY-KOCH TRADING (FORMERLY KOCH)) 20 E Greenway Plaza Houston, TX 77046	Natural Gas Purchase	E	B		F			31	\$268,553,978	\$268,553,978	\$1,782,897	\$0	07/01/94	O	*	
FS-1997-22	COLONIAL ENERGY 2 Riverway Suite 2000 Houston, TX 77056	Natural Gas Purchase	E	B		F			31	\$424,343,400	\$424,343,400	\$5,696,528	\$0	05/01/97	O	*	
FD-2008-09	CON EDISON, INC. (Balancing & Demand) 4 Irving Place New York, NY 10003	Transport & Balancing Service	E	S		F				\$16,129,254	\$16,129,254	\$1,543,777	\$0	08/01/08	O	04/30/16	
FD-2008-06	MACQUARIE COOK ENERGY 10100 Santa Monica Blvd los Angeles, CA 90067	Natural Gas Purchase	E	B		F			31	\$45,588,535	\$45,588,535	\$2,272,490	\$0	07/01/08	O	*	
FD-2008-12	eSERVICES, LLC 4461 Cox Road, Suite 113, Glenn Allen, Virginia 23060	Natural Gas Purchase	E	B		F			31	\$520,725	\$520,725	\$0	\$0	12/01/08	O	*	

3. POWER AUTHORITY OF THE STATE OF NEW YORK  
 PROCUREMENT CONTRACTS  
 JANUARY THROUGH JUNE 2012  
 PAL 2879-a

FACILITY: WPO FOSSIL FUELS

**EXHIBIT 3.6**

CONTRACT NUMBER	PROVIDER NAME	CONTRACT DESCRIPTION	T P E	M O A	R A	O A	M P A	B E	I S	TOTAL CONTRACT AMOUNT	TOTAL EXPENDED TO DATE	AMOUNT EXPENDED 2012	CONTRACT BALANCE	DATE OF CONTRACT	O / C	PROJ COMPLETE DATE	DATE CONTRACT COMPLETE
FD-2011-01	BG ENERGY MERCHANTS, LLC 5444 Westheimer Suite 1200 Houston, Tx 77056	Natural Gas Purchase	E	B		F			31	\$13,847,088	\$13,847,088	\$8,846,310	\$0	03/01/11	O	*	
FD-2011-02	YAKA ENERGY, LLC 46411 Timine Way Pendleton, OR 97801	Natural Gas Purchase	E	B		F	X		31	\$7,683,238	\$7,683,238	\$2,209,640	\$0	03/01/11	O	*	
FD-2011-06	EDF Trading N. America, LLC 4700 West Sam Houston Pky North Suite 25 Houston, Tx 77041	Natural Gas Purchase	E	B		F			31	\$3,536,125	\$3,536,125	\$248,909	\$0	06/01/11	O	*	
FD-2011-04	SAYBOLT LP Core Laboratories 6316 Windfern Rd, Houston Texas 77040	Oil Inspectors	S	B		F				\$12,184	\$12,184	\$2,484	\$0	01/01/11	O	12/31/13	

**FUELS TOTALS** \$3,103,877,124 \$3,103,877,124 \$91,664,066

NOTE:

\* Contract continues until terminated by NYPA or Counterparty upon specified notice.

(1) Natural gas purchase transactions are effected, as needed, based on current prices and requirements, using the previously agreed upon general terms and conditions.

POWER AUTHORITY OF THE STATE OF NEW YORK  
2012 ANNUAL REPORT OF PROCUREMENT CONTRACTS  
REQUIRED BY N.Y. PUBLIC AUTHORITIES LAW, SECTION 2879

TOTAL NUMBER OF CONTRACTS	18	
TOTAL CONTRACT VALUE		\$19,785,902
TOTAL EXPENDED TO DATE		\$13,667,815
TOTAL EXPENDED IN REPORT YEAR		\$2,216,354
TOTAL CONTRACT BALANCE		\$6,118,088
<u>STATUS SUMMARY</u>		
TOTAL NUMBER OPEN CONTRACTS	16	
TOTAL NUMBER CLOSED CONTRACTS	0	
<u>METHOD OF AWARD SUMMARY</u>		
TOTAL NUMBER COMP BID		
TOTAL NUMBER SOLE SOURCE/SINGLE SOURCE	2	
TOTAL NUMBER COMP SEARCH	14	
TOTAL NUMBER MWBE/SBE		
<u>COMMITMENT TYPE SUMMARY</u>		
TOTAL NUMBER ARCHITECTURAL & ENGINEERING SERVICES		
TOTAL NUMBER CONSTRUCTION		
TOTAL NUMBER EQUIP/GOODS/COMMODITY		
TOTAL NUMBER LEGAL SERVICES	0	
TOTAL NUMBER PERSONAL SERVICES		
TOTAL NUMBER OTHER NON PERSONAL SERVICES	16	



**EXHIBIT 3.8**

**SUBJECT: USE OF GPS/TELEMATIC TECHNOLOGIES ON FLEET  
VEHICLES AND EQUIPMENT**

**1.0 SCOPE**

This policy sets forth the use of GPS/Telematics technologies in NYPA vehicles and equipment. NYPA's goal is to improve driver safety, improve vehicle utilization, lower operating costs, and increase productivity.

**2.0 IMPLEMENTATION**

This Policy shall be adhered to by the staff of all Authority Business Units and Departments. Implementing procedures shall be prepared as necessary to provide appropriate guidance in meeting the management controls described. Recommendations for changes to this policy or a new corporate policy shall be processed in accordance with CP1-1 "Corporate Policy Program Administration".

**3.0 MANAGEMENT CONTROLS**

**3.1 General Considerations**

**3.1.1 Description**

- a) The GPS system collects and organizes real time detailed automotive information directly from the vehicle's engine computer and location-based information from a global positioning system. Maintenance and vehicle location information are transmitted wirelessly to a data center where it is made available for authorized NYPA personnel via web based software.
- b) All NYPA "on-road" vehicles will be equipped with GPS systems. NYPA may decide to add GPS systems to Fleet's "off-road" vehicles, equipment, and/or trailers at a later date.

**3.1.2 Intended Purpose**

The vehicle location data will be used to:

- a) Locate a vehicle in an emergency.
- b) Ensure that NYPA vehicles are being operated in accordance with all applicable laws, rules or regulations.

- c) Monitor vehicle start/stop and routing.
- d) Monitor actual odometer readings on a daily basis in an effort to reduce costs and improve preventative maintenance schedules
- e) Monitor vehicle idle time in an effort to decrease fuel costs.
- f) Alert Fleet of any vehicle maintenance problems as proactive maintenance is less costly than reactive maintenance
- g) Analyze driver routes for purposes of efficiency.
- h) Analyze driving patterns and historical location history.
- i) Monitor length of stay at job locations.
- j) Reduce/eliminate unauthorized vehicle usage. Refer to CP 2-8 Motor Vehicle and Equipment Policy for authorized vehicle usage.

### **3.2 Definitions**

**3.2.1** The term “GPS” means Global Positioning System.

**3.2.2** The term “real time” means actual time continuously monitoring.

### **3.3 Responsibilities**

**3.3.1** Only Fleet Operations is authorized for the installation and removal of the GPS hardware on all NYPA Fleet vehicles and equipment. No other NYPA employee is authorized to remove a GPS device from a vehicle. Any other employee who removes, tampers, or destroys a GPS unit will be subject to disciplinary action up to and including termination of employment.

**3.3.2** Only Fleet Operations is authorized to use the information collected for monitoring the data used for vehicle maintenance, utilization, fuel consumption, engine idling, and location of vehicles for maintenance.



- 3.3.3** Fleet Operations is authorized and responsible to transmit the information collected for reporting to Regional Managers and Department Heads for their review.
- 3.3.4** Except in the case of an emergency, any access or monitoring undertaken other than pursuant to the paragraphs above shall be either with the consent of the user of the NYPA vehicle, or with the approval of both the General Counsel and the head of the Human Resource Department or, in their absence or unavailability, their respective designees.
- 3.3.5** Employees have no expectation of privacy while utilizing a NYPA vehicle.
- 3.3.6** Failure to comply with any provisions of this policy may result in the imposition of appropriate administrative action.

#### **4.0 REFERENCES**

- 4.1** CP 1-1 Corporate Policy Program Administration  
**4.2** CP 2-8 Motor Vehicle and Equipment Policy

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**President and Chief Executive Officer**