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

November 27, 2001

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

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

Eugene W. Zeltmann	President and Chief Operating Officer
David E. Blabey	Executive Vice President, Secretary and General Counsel
Robert A. Hiney	Executive Vice President - Power Generation
Vincent C. Vesce	Executive Vice President – Corporate Services and Human Resources
H. Kenneth Haase	Senior Vice President – Transmission
Louise Morman	Senior Vice President – Marketing, Economic Development and Supply Planning
Michael A Petralia	Senior Vice President – Public and Governmental Affairs
Robert L. Tscherne	Senior Vice President – Energy Services and Technology
Michael H. Urbach	Senior Vice President and Chief Financial Officer
Arnold M. Bellis	Vice President – Controller
Woodrow W. Crouch	Vice President – Project Management
George Johansen	Inspector General
Anne Wagner-Findeisen	Vice President – Ethics and Regulatory Affairs and Deputy Corporate Secretary
James H. Yates	Vice President - Major Account Marketing & Economic Development
Dennis T. Eccleston	Chief Information Officer
Carmine J. Clemente	Deputy General Counsel
Arthur T. Cambouris	Assistant General Counsel - Litigation
George W. Collins	Treasurer
Arthur M. Brennan	Director – Internal Audit
William Broderick	Director – Civil/Structural Engineering
Angelo S. Esposito	Director – Energy Services
Douglas M. Kerr	Director – Marketing Planning
John L. Murphy	Director – Public Relations
Donald A. Russak	Director – Financial Planning
William V. Slade	Director – Environmental Programs
Shalom Zelingher	Director – Research and Technology Development
Luis A. Rodriguez	Community Relations Manager
Aileen P. Kern	Special Assistant to Chairman
Leticia Remauro	Administrative Assistant to Trustee Carey
Bonnie Fahey	Executive Administrative Assistant
Betty C. Fennell	Assistant Secretary
Angela D. Graves	Assistant Secretary - Legal Affairs
Andrew J. McLaughlin	Assistant Secretary – Legal Affairs
Alice F. Simon	Assistant Secretary

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

1. Approval of the Minutes

The minutes of the Regular Meeting held on October 30, 2001 were approved.

2. <u>Financial Report for the Ten Months Ended October 31, 2001</u>

Mr. Bellis provided the financial report; he underscored that the major negative factor impacting the month's results was the numerous re-billings received from the Independent System Operator ("ISO") relating to prior fiscal periods as far back as twelve months. Mr. Bellis reported that, exclusive of such ISO re-bills, net revenues for the month were $6.9 million.

Responding to questions from Chairman Seymour, Mr. Bellis explained that because of the ISO's time lag, the re-billing process now indicates that the Authority did not actually generate all the revenues attributed to last year. President Zeltmann added that, at Ms. Morman's and Mr. Kerr's recommendation, the percentage of energy to be made available to the ISO to cover NYPA customer load would be increased so as to better reflect transactions that take place in real time, and, thus, to eventually minimize ISO re-bills. The President emphasized the importance of accruing revenues based on the difference between the initial power sales (the "send-out") and customer consumption.

Chairman Seymour commended staff for the extensive work effort that has recently been directed at the task of examining and analyzing the impacts of the ISO billing process. Messrs. Haase and Bellis responded that much of the lack of transparency arises at the time of scheduling, the send-out for SENY sales, and recommended that increased tracking be exercised so as to minimize surprise.

Vice Chairman Ciminelli then inquired about spikes in levels of the Niagara River flows, which are negatively affecting the Authority's generation and, ultimately, net revenues from the hydro function. Mr. Hiney responded with a thorough explanation and description of fluctuating wind patterns emanating from the Great Lakes and explained that the increased October hydro flows on the Niagara River are attributable to that phenomenon.

3. <u>Report from the President and Chief Operating Officer</u>

Addressing the ISO re-billing processes as reported by Mr. Bellis, President Zeltmann stated that a senior management team had been assigned to get its arms around the re-bill issue and that increasing send-out during peak periods would more closely match customer demands. While also noting that the ISO had its own issues which contribute to the problem, he stressed that better internal forecasting tools and mechanisms are vital for the future. Mr. Bellis expressed agreement, noting that the internal accounting practices will be performed differently in 2002 so as to address the potential for variations over a 24-month period.

4. Proposed 500 MW Combined Cycle Facility at the Charles Poletti Site - Authorization to Increase the Contract Amount with General Electric Company

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

SUMMARY

"The Trustees are requested to approve an increase of $4,713,000 in the engineering, procurement and delivery contract with the General Electric Company ('GE') and to ratify the expenditure of an additional $1,287,000 which amount was authorized in accord with the Authority's Expenditure Authorization Procedures. This total contract increase of $6,000,000 increases the contract with GE to $234,139,000 from the previously approved amount of $228,139,000. These additional funds are required for equipment changes due to licensing and engineering requirements.

BACKGROUND

"In June 1999, a Request for Proposal ('RFP') was issued for the engineering, procurement, and construction of the power island components of the 500 MW Combined Cycle Plant at the Charles Poletti Site ('Project'). The Project was bid on a 'turnkey' basis, where the successful bidder would be fully responsible for the engineering, procurement, and construction of the plant.

"In response to the RFP, three proposals were received in September 1999. None of these bids conformed entirely to the RFP scope of work because of the reluctance of the bidders to assume perceived risks in the construction phase of the project. The construction phase was then removed from the scope of work and scheduled as a separate RFP at a later date.

"At their meeting of October 26, 1999, the Trustees authorized the award of a contract to GE in the amount of $191,389,000 for the engineering, procurement and delivery of the power island components for GE's basic reference power plant design. The Trustees have subsequently approved an increase in the contract amount of $36,750,000 to cover changes for an air-cooled condenser and other environmental and operational improvements. To date the Trustees have approved $59,743,273 to be paid against the authorized amount.

"In August 2000, the Authority commenced the application process with the New York State Board on Electric Generation Siting and the Environment under Article X of the Public Service Law and also applied for applicable permits for the Project from the New York State Department of Environmental Conservation ('DEC'). Draft DEC permits were received on April 30, 2001, and final DEC permits and an Article X Certificate are anticipated in early 2002.

"Engineering and design activities on the project are progressing on schedule. All major plant components have been ordered. In addition, the gas turbines and steam turbine have been released for shop engineering and fabrication.

"The site preparation bid package was prepared and issued for bid on October 9, 2001. A General Work Contract bid package is being prepared for the balance of the construction work and will be ready for bid by the end of the December 2001.

DISCUSSION

"The requested $6,000,000 increase in contract amount is needed to cover equipment changes necessary to limit plant fuel emissions to levels mandated by the DEC in the draft air permits and to cover technical changes to the design of plant equipment.

"The Authority's permit applications for the Project requested that the fuel emission levels be limited to 2.5 ppm NOx and 10 ppm ammonia slip when using natural gas and 10 ppm NOx and 10 ppm ammonia slip when

operating with liquid fuel (kerosene). GE based its plant design on these emission levels. In the draft air permits, the DEC required that the NOx levels be limited to 2.0 ppm. This regulatory mandate necessitates a design change to the plant as well as to the design and manufacture of the associated equipment.

"To achieve the lower emission levels of 2.0 ppm NOx, the volume of the catalyst in the selective catalyst reduction unit ('SCR') was increased; this increase in SCR volume increased the size of the heat recovery steam generator unit ('HRSG'). These changes resulted in considerable re-work and re-engineering of the HRSGs, including most of the piping, pipe racks, and HRSG foundations. The increased contract price for the design and equipment is $3,800,000.

"The original proposal submitted by GE was based on its basic reference power plant design, not on the Authority's technical specifications for the Project. For this reason, the scope of work of the GE contract was changed to include the following technical requirements: add fire protection system requirements to meet all local fire protection codes and standards, design and furnish an aqueous ammonia storage system for NOx reduction in the SCR, delete the demineralized water system since a portable demineralization system will be used, and delete site lighting as all site lighting will be provided by the construction contractor. These changes resulted in an increase of $913,000 to the contract price.

"The Trustees are also requested to ratify a $1,287,000 change order to the GE contract for the design and furnishing of gas compressors to account for a different gas supply pressure than was anticipated in the RFP and GE's responding bid proposal. Consolidated Edison of New York, whose gas supply system will deliver the Project gas, has advised that it will not guarantee a minimum gas supply pressure for the Project, therefore the need for a change.

FISCAL INFORMATION

"Payment will be made from the Authority's Capital Fund.

RECOMMENDATION

"The Senior Project Manager, the Regional Manager - Southeast NY, the Vice President - Project Management, the Vice President and Chief Engineer, the Vice President – Procurement and Real Estate, and the Senior Vice President - Public and Governmental Affairs, recommend that the Trustees approve an increase in the engineering, procurement and delivery contract with General Electric Company by $6,000,000 to $234,139,000 from $228,139,000.

"The Vice President - Controller, the Senior Vice President and Chief Financial Officer and the Executive Vice President, Secretary and General Counsel, and I concur in the recommendation."

Mr. Crouch presented the highlights of staff's recommendation to the Trustees.

Chairman Seymour inquired whether the proposed budget increase to $475 million would foster improved pollution control; Mr. Crouch responded affirmatively and explained that the Authority has gone out for bids, and that the funds requested are well within approved budget parameters. He further explained that a "General Work Contract Package" would be issued for bid by year-end. Responding to questions from Chairman Seymour and Trustee McCullough, Mr. Crouch discussed the possibility of lower emissions requirements.

Trustee McCullough asked whether staff had been prepared for the cost impacts of New York City Fire Department Code requirements; Mr. Crouch stated that staff had taken these requirements under consideration.

Vice Chairman Ciminelli inquired about the potential use of bio-diesel materials, consisting of kerosene and organic material, such as corn or soybeans, to reduce air emissions. Mr. Crouch responded that the plant was designed to use natural gas and .04 oil but that he would research the suggestion and report back to the Vice Chairman.

In response to questions from Chairman Seymour, Mr. Blabey noted that an Article X Certificate is anticipated to be issued by the PSC early in the new year.

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

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RESOLVED, That pursuant to the Guidelines for Procurement Contracts and the Expenditure Authorization procedures adopted by the Authority, an increase of $6,000,000 to the contract with General Electric Company, for the changes described in the foregoing report of the Executive Vice President – Power Generation, be and hereby is, approved resulting in an increase in the contract amount to 234,139,000 for engineering, procurement, and delivery of the 500 MW Combined Cycle Power Plant at the Charles A. Poletti Plant site; and be it further

RESOLVED, That the Chairman and Chief Executive Officer or the Executive Vice President – Power Generation be, and hereby are, authorized and directed to execute on behalf of the Authority the necessary contract change documents subject to approval of the Executive Vice President, Secretary and General Counsel.

Capital	**Increase in Contract Ceiling**
General Electric Company	
Previous Contract Authorization	**$228,139,000**
Current Request	**6,000,000**
TOTAL AMOUNT AUTHORIZED	**$234,139,000**

5. Quarterly Review of Power For Jobs Employment Commitments

The President submitted the following report:

SUMMARY

"All of the Power for Jobs ('PFJ') contracts contain a customer commitment to retain or add a specific number of jobs. If the actual job level falls below 90% of such commitment, the Authority may reduce that customer's power allocation proportionately.

"In order to ensure compliance with agreed-upon job commitments, Authority staff initiates a review of all PFJ power allocations that have an 'anniversary date' within the quarter being reported. This quarterly review covers companies that began receiving power during the 4th quarter of 1998 and 1999 as well as during the 1st quarter of 1998, 1999, and 2000. The Authority had 202 customers with 207 contracts first receiving power in the 4th quarter of 1998 and 1999, as well as, in the 1st quarter of 1998, 1999, and 2000. Of the 4th Quarter customers due to report, four did not have to report their employment and power usage, as one customer pulled out of the program this year, two customers went out of business and one customer is in Chapter 11. Of the 1st quarter customers due to report, two did not have to report their employment and power usage, as these customers went out of business.

"Thus, staff reviewed a total of 202 customers with 207 contracts. This initial review resulted in a detailed examination of 17 contracts with 17 customers that were below the 90% job commitment threshold. Of these 17 customers, it is recommended that the Trustees reduce the jobs commitment for 1 company; and approve the continuation of current power allocations to 16 companies that were below their jobs commitment levels. Of the six non-reporting customers it is recommended that the Trustees grant authority to terminate allocations for all six companies.

BACKGROUND

"The 207 contracts reviewed represent overall power allocations of 147.245 MW and total employment commitments of 101,984 jobs. In the aggregate, these customers reported actual employment of 110,380.31 positions, which represents some 108.23% of the total job commitments for PFJ customers reporting on their anniversary dates. Notwithstanding, there are 17 customers whose actual job levels are either below the minimum threshold, or in the case of 6 customers, were not required to report for the reasons stated above.

DISCUSSION

"This quarterly review of PFJ job commitments was conducted against the backdrop of a national economic recession that has hit the State of New York particularly hard. Most of the 17 customers whose reported jobs are below contractual commitments have presented sufficient explanations to justify no enforcement action. In fact 9 of the companies are near or over their contractual obligations due to actions taken after the reporting period. In any event, for the specific reasons noted below for each company, and due to the rapid onset of a severe economic recession, it is recommended that no enforcement action be taken regarding the 16 companies that did not meet their job commitments for the reporting period. Staff intends to reexamine the status of these companies in six months and report to the Trustees. See section III. In addition staff recommends that power allocations and/or job commitments of (7) companies be reduced for the specific reasons discussed in Sections I and II below. A summary of all contracts discussed in this memorandum is provided as Exhibit '5-A'.

Section I.

Job Commitments to be Reduced

Society of 3rd Street Music School, Manhattan, New York County

Allocation: 40 kW of Power for Jobs Power
Jobs Commitment: 45 jobs

Background: The Society of 3rd Street Music School, founded in 1894 is the oldest community music school in America. The school serves the immigrant children of the Lower East Side of Manhattan by providing high quality music, dance and art instruction to as many children as possible regardless of their ability to pay. For the past year The Society of 3rd Street Music School averaged 18.83 jobs, i.e., 41.84% of its commitment. The school miscalculated its Full Time Equivalent positions ('FTE's') when it applied for PFJ. The school still has a very good job per megawatt ratio.

Recommendation: Staff recommends that the Trustees reduce The Society of 3rd Street Music School's employment commitment from 45 positions to 19 positions.

Section II.

Allocations Requesting Special Trustee Authorization

Amherst Tool and Automation Co., Inc., Amherst, Erie County

Allocation: 170 kW of Power for Jobs Power
Jobs Commitment: 38 base jobs and 3 jobs created by end of third year

Background: Amherst Tool and Automation Co., Inc. was founded in 1957 and is a precision tool, die, gage, fixture and specialty machinery manufacturer. The company is in the process of winding down the business.

Recommendation: Staff recommends that the Trustees authorize notice for the full take back of the contractually agreed allocation.

Atlantic Wire & Cable Corp., College Point, Queens County

Allocation: 400 kW of Power for Jobs Power
Jobs Commitment: 75 jobs

Background: Atlantic Wire & Cable Corp., founded in 1944 manufactured insulated copper wire and cable used in extension cords and appliance supply cords, as well as, extension cords, hand lamps and miscellaneous wire products. The company is in the process of winding down the business.

Recommendation: Staff recommends that the Trustees authorize notice for the full take back of the contractually agreed allocation.

C.O.T. Plywood Corp., Whitehall, Washington County

Allocation: 700 kW of Power for Jobs Power
Jobs Commitment: 136 base jobs and 31 jobs created by end of third year; Phase Four Jobs - 144 jobs

Background: C.O.T. Plywood Corp., established in 1980, was the first and only softwood plywood plant built in New York State. The company is out of business.

Recommendation: Staff recommends that the Trustees authorize notice for the full take back of the contractually agreed allocation.

Carton-Craft Corporation, Buffalo, Erie County

Allocation: 150 kW of Power for Jobs Power

Jobs Commitment: 126 base jobs and 65 jobs created by end of year three

Background: Carton-Craft Corporation was founded in 1946 and is the lead developer, designer and manufacturer of children's board books and juvenile novelty items. Currently, Carton-Craft Corporation has 52 jobs, i.e., 41.27% of its base jobs commitment. The company is in Chapter 11.

Recommendation: Staff recommends that the Trustees authorize notice for the full take back of the contractually agreed allocation.

Lesbian & Gay Community Services, Manhattan, New York County

Allocation: 115 kW of Power for Jobs Power
Jobs Commitment: 60 jobs

Background: Lesbian & Gay Community Services, founded in 1983 is the East Coast's largest multi-service community organization for lesbians and gay men. The center offers cultural, educational, public policy, health and social service programs. The center cancelled its contract with the Authority.

Recommendation: Staff recommends that the Trustees authorize notice for the full take back of the contractually agreed allocation.

REVA Plastics Corp., Port Byron, Cayuga County

Allocation: 400 kW of Power for Jobs Power
Jobs Commitment: 59 base jobs and 12 jobs created by end of third year; Phase Four Jobs - 71 jobs

Background: REVA Plastics Corp., was founded in 1978 as a plastics injection molding manufacturer for electronics, medical and automotive companies throughout the Eastern U.S. The company is out of business.

Recommendation: Staff recommends that the Trustees authorize notice for the full take back of the contractually agreed allocation.

Section III.

Allocations to Continue With No Change and subject to further Review in 6 months.

AIL Systems Inc., Deer Park, Suffolk County

Allocation: 2700 kW of Power for Jobs Power
Jobs Commitment: 711 base jobs and 175 jobs created by end of year three; Phase Four Jobs - 886 jobs

Background: AIL Systems Inc., in business for over fifty years, is a leading systems integrator and producer of hi-tech aerospace electronics for the military and for commercial applications. Due to the downturn in the aerospace industry AIL has not been able to grow as fast as they believed they would and need some more time to add the jobs committed. For the past year AIL Systems Inc. averaged 772.17 jobs, i.e., 87.15% of its commitment.

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

American Diamond Tool, Inc., Buffalo, Erie County

Allocation: 125 kW of Power for Jobs Power
Jobs Commitment: 40 base jobs and 8 jobs created by end of year three

Background: American Diamond Tool, Inc., founded in 1987 by former Carborundum employees, uses diamonds and borazon for grinding for the forest products industry and many other grinding applications. Business has been down due to the downturn in the economy. Though the company has not lost customers, they are buying less. For the past year American Diamond Tool, Inc. averaged 29.71 jobs, i.e., 74.27% of its commitment.

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

Asia Society, Manhattan, New York County

Allocation: 225 kW of Power for Jobs Power
Jobs Commitment: 120 jobs; Phase Four Jobs - 120 jobs

Background: The Asia Society, founded in 1956, is a non-profit organization dedicated to increasing American understanding of the culture, history and contemporary affairs of Asia, as well as, fostering communication between Asians and Americans. The society has been undergoing a major renovation of its headquarters and currently has much of their operations running from another office nearby. For the past year Asia Society averaged 94.50 jobs, i.e., 78.75% of its commitment. The job shortfall is temporary and job levels will revert back to normal when their new building is complete.

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

Barry Steel Fabrication, Inc., Lockport, Niagara County

Allocation: 75 kW of Power for Jobs Power
Jobs Commitment: 37 base jobs and 12 jobs created by end of year three; Phase Four Jobs - 49 jobs

Background: Barry Steel Fabrication, Inc. founded 25 years ago is a privately owned company. Barry Steel designs and fabricates steel structures such as steel columns, beams, stairways and railings, as well as complete buildings. Due to the downturn in the economy the company has maintained employment levels but has been unable to grow. For the past year Barry Steel Fabrication, Inc. averaged 30.92 jobs, 83.56% of its commitment. Barry Steel is just two jobs short of meeting their employment commitment.

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

Cecilware Corp., Long Island City, Queens County

Allocation: 400 kW of Power for Jobs Power
Jobs Commitment: 380 base jobs and 20 jobs created by end of year three; Phase Four Jobs - 400 jobs

Background: Cecilware Corp. is a privately held company in business since 1911. Cecilware manufactures equipment for the food services industry including, cappuccino machines, coffee machines and fryers. Economic downturn forced the company to lay off workers. For the past year Cecilware Corp. averaged 314.67 jobs, i.e., 82.81% of its commitment. However, Cecilware has started three new product lines that are currently coming on line, which they expect to help grow back to meeting their employment commitment.

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

CEN Electronics Inc., Caledonia, Livingston County

Allocation: 300 kW of Power for Jobs Power
Jobs Commitment: 175 jobs; Phase Four Jobs - 121 jobs

Background: CEN Electronics Inc., founded in 1949 has gone through many changes of ownership and product manufacture. CEN currently produces industrial battery chargers for defense contractors and large commercial enterprises. The company divested its magnetics division in 2000, which had 40 employees. For the past year CEN

Electronics Inc. averaged 149.58 jobs, i.e., 85.48% of its commitment. CEN is growing and will meet its commitment soon again.

Recommendation: Staff recommends that the Trustees take no action at this time. However, staff will monitor CEN Electronics, Inc.'s employment level through early 2002 and make a further recommendation at that time.

Cherry Creek Woodcraft Inc., South Dayton, Cattaraugus County

Allocation: 500 kW of Power for Jobs Power
Jobs Commitment: 115 jobs; Phase Four Jobs - 115 jobs

Background: Cherry Creek Woodcraft Inc., founded in 1976 was a wooden giftwares and trophy component manufacturer that has since changed to become a fiberboard product manufacturer. For the past year Cherry Creek Woodcraft Inc. averaged 96.08 jobs, i.e., 83.55% of its commitment. The company is undergoing installation of new equipment and has also experienced some delays in the implementation of a new product line, which accounts for the shortfall in employment. Cherry Creek fully expects to grow and meet its employment commitment.

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

Faster Form Corp., Frankfort, Herkimer County

Allocation: 50 kW of Power for Jobs Power
Jobs Commitment: 50 jobs; Phase Four Jobs - 50 jobs

Background: Faster Form Corp. is a privately held company in business since 1948. The company makes flower holders and specializes in flower preservation. For the past year Faster Form Corp. averaged 43.92 jobs, i.e., 87.83% of its commitment. Faster Form was only one job short of its employment commitment.

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

Fermer Precision, Ilion, Herkimer County

Allocation: 200 kW
Jobs Commitment: 101 base jobs and 41 jobs created by end of year three; Phase Four Jobs - 80 jobs

Background: Fermer Precision provides machining applications for the metal and plastics industry, specializing in parts for firearms, brakes and gears. Fermer had laid off workers due to the economic downturn but has since rehired many of the employees back as the company is growing again and orders are coming in. Fermer expects to hire back all the laid off workers. For the past year Fermer Precision averaged 77.83 jobs, i.e., 77.06% of its commitment.

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

Gray-Syracuse Inc., Chittenago, Madison County

Allocation: 1250 kW of Power for Jobs Power
Jobs Commitment: 395 jobs; Phase Four Jobs - 395 jobs

Background: Gray-Syracuse Inc., founded in 1943, uses the investment casting process to produce high specification castings for the aerospace and industrial gas turbine markets. For the past year Gray-Syracuse Inc. averaged 345.83 jobs, i.e., 87.55% of its commitment. The company is currently meeting its employment commitment.

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

Imaging and Sensing Technology Corp., Horseheads, Chemung County

Allocation: 700 kW of Power for Jobs Power
Jobs Commitment: 176 jobs

Background: Imaging and Sensing Technology Corp., founded in 1988 by former Westinghouse managers to supply products Westinghouse considered outside its core business. IST's products include, analytical lamps, high current DC switches, cathode ray tubes, nuclear excore detectors, rigidized vehicular displays and visual imaging systems. For the past year Imaging and Sensing Technology Corp. averaged 156.92 jobs, i.e., 89.16% of its commitment. The company is just one job short of its employment commitment.

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

J. C. Plastics, Inc., Rochester, Monroe County

Allocation: 150 kW of Power for Jobs Power
Jobs Commitment: 28 jobs; Phase Four Jobs - 28 jobs

Background: J. C. Plastics, Inc. has been in business since 1977. The company is a custom injection molded plastics manufacturer. For the past year J. C. Plastics, Inc. averaged 23.58 jobs, i.e., 84.21% of its commitment. J. C. is just two jobs short of meeting its employment commitment.

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

North Hudson Woodcraft Corp., Dolgeville, Herkimer County

Allocation: 300 kW of Power for Jobs Power
Jobs Commitment: 65 base jobs and 25 jobs created by end of year three; Phase Four Jobs - 90 jobs

Background: North Hudson Woodcraft Corp., in business for over a century and run by the same family for 56 years, manufactures wood piano parts, casket parts, furniture dimension and kiln dried lumber. For the past year North Hudson Woodcraft Corp. averaged 56.33 jobs, i.e., 86.67% of its commitment. Staff turnover was the basis for the jobs shortfall but the company currently is meeting its employment commitment.

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

Richards Machine Tool Co., Inc., Lancaster, Erie County

Allocation: 60 kW of Power for Jobs Power
Jobs Commitment: 21 base jobs and 3 jobs created by end of year three; Phase Four Jobs - 24 jobs

Background: Richards Machine Tool Co., Inc. was founded in 1973 and is a precision machine shop that manufactures many items out of various materials. Though work is slow, Richards is expanding its market area and is growing. For the past year Richards Machine Tool Co., Inc. averaged 18.50 jobs, 88.10% of its commitment. The company is one job short of meeting its employment commitment.

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

Standard Manufacturing Co., Inc., Troy, Rensselaer County

Allocation: 160 kW of Power for Jobs Power
Jobs Commitment: 152 jobs; Phase Four Jobs - 152 jobs

Background: Standard Manufacturing Co., Inc. is a privately held company in business since 1924. Standard manufactures and sells apparel worldwide. The company receives raw materials and drafts, cuts, and sews them into finished products and then ships them. For the past year Standard Manufacturing Co., Inc. averaged 116.42 jobs, i.e., 76.59% of its commitment. While the past year was difficult, the company is expanding. The current employment level meets their commitment.

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

Standard Microsystems Corp., Hauppauge, Suffolk County

Allocation: 1050 kW of Power for Jobs Power
Jobs Commitment: 360 jobs; Phase Four Jobs - 360 jobs

Background: Standard Microsystems Corp., founded in 1971, is a leading world-wide supplier of metal-oxide semiconductor very large scale integrated circuits for the personal computer industry. For the past year Standard Microsystems Corp. averaged 319.08 jobs, i.e., 88.63% of its commitment. After a split of the company the prior year, they are growing. Standard Microsystems is currently meeting its employment commitment.

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

RECOMMENDATION

"The Manager – Business Power Allocations and Compliance and the Vice President – Major Account Marketing and Economic Development recommend that the Trustees approve reductions in power allocations and/or job commitments for seven companies as outlined in this item; and that the Trustees defer action with regard to 16 companies addressed above in this memorandum of the President.

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

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

Mr. Yates presented the highlights of staff's recommendations to the Trustees. Trustee McCullough inquired as to the circumstances under which miscalculations of job commitments occur, as has proven to be the case with several estimates. Mr. Yates responded that, in some cases, employee "head counts" need to be adjusted because the PFJ customers' management does not always realize how to correctly compute the man-hours underlying its proposed job commitment into "FTE's" (Full-Time Equivalents).

Trustee McCullough noted that a number of customers do not appear to be meeting their job commitments. Mr. Yates explained that the 90% target is not being met due to fluctuating business cycles and the ongoing national economic downturn. Ms. Morman added that, in circumstances where a company's ability to meet the goal is of special concern to the Authority, such customers are reviewed by Authority staff every six

months rather than merely annually. Mr. Blabey stated that all customers below the 90% standard in the item should be reviewed by the Authority in six months.

Trustee Carey asked whether the effects of the economic downturn were starting to impact job levels at these companies. Mr. Yates responded in the affirmative. Trustee Carey asked whether the power from any allocations terminated by NYPA can be redirected and reallocated. Mr. Yates and Ms. Morman replied that it was their belief that the power could not be reallocated under existing legislation. Chairman Seymour asked whether the power can be used in any new program "phase" which might be authorized by the Legislature and Mr. Yates responded in the affirmative. In response to questions from the Vice Chairman as to how a recipient company reports any productivity gains, Mr. Yates explained the three-year term of PFJ contracts is too short for such gains to be reflected.

In response to questions from Trustee Carey, Mr. Yates reported that there are currently some 5 MW of PFJ power "on the shelf," unutilized.

President Zeltmann assured the Trustees that, henceforth, all of the listed customers failing to meet at least 90% of their job commitments would be reviewed in six months. Ms. Morman expressed concurrence.

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

RESOLVED, That the Authority hereby approves the reduction of power allocations and/or job commitments to 7 companies; defers action with respect to the 16 other companies identified in the foregoing report; and be it further

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

6. Economic Development Plan - Use of Net Revenues Produced By Sale of Expansion Power

The President submitted the following report:

SUMMARY

"The Trustees are requested to approve Economic Development Plans ('Plans') covering the use of net revenues produced by the sale of Expansion Power and to authorize the submission of such Plans to the Economic Development Power Allocation Board ('EDPAB')

BACKGROUND

"Chapter 32 of the Laws of 1987: (a) authorized the Authority to enter into new contracts for the sale of Expansion Power to customers in Western New York; (b) provided for the sale of industrial power as Economic Development Power under newly established criteria; and (c) established the EDPAB to review applications for Economic Development Power ('EDP') and to recommend approved applications to the Authority.

"The eighth unnumbered paragraph of Section 1005 of the Public Authorities Law ('PAL'), as amended by Chapter 32, directs the Authority to identify net revenues produced by the sale of Expansion Power and further, to identify an amount of such net revenues to be used solely for industrial incentive awards. These awards are to be made in conformance with a Plan, covering all such net revenues, that is submitted by the Authority to the EDPAB and is approved by EDPAB pursuant to Section 188 of the Economic Development Law.

"Net revenues are defined by Section 1005 as any excess of revenues properly allocated to the sales of Expansion Power over costs and expenses properly allocated to such sales. The Authority is directed in Section 1005 to identify net revenues no less often than annually. Section 188 of the Economic Development Law provides that EDPAB is to review each plan applying the same economic development criteria as those used to evaluate applications for power.

"In 1996, the Authority approved a five-year program under which Expansion Power net revenues were to be dedicated to assisting in the maintenance of stable industrial rates. The EDPAB has periodically approved such plans for use of Expansion Power revenues to hold FitzPatrick Industrial rates at a stable level. Thus, industrial rates have not been increased since 1993, in part because of the use of Expansion Power net revenues.

DISCUSSION

"Allocations of EDP have been a useful economic development tool. EDPAB has recommended allocations associated with the creation or retention of more than 69,000 jobs, totaling 202.07 MW to date. The costs of producing FitzPatrick Industrial power are greater than the revenues produced by such sales. In order to continue to market this power on a competitive basis consistent with the aim of the legislation creating EDPAB, the rates for industrial power must be kept low enough to be of sufficient economic incentive for industries to locate or expand in New York State.

"The EDPAB has endorsed this use of Industrial Incentive Awards and has stated its intent to approve such use in Economic Development Plans submitted to it in the future. It is therefore proposed that the Authority's Chairman be authorized to submit the Authority's Plans to the EDPAB each year for the ensuing five year period, providing for the use of all net Expansion Power revenues to support industrial rates, provided that the Chairman, at his discretion, may recommend to EDPAB a different use of such net revenues, consistent with statutory requirements. The Authority will report to EDPAB the effect of the uses of these funds

RECOMMENDATION

"The Manager - Business Power Allocations and Compliance and the Vice President - Major Account Marketing and Economic Development recommend that the Trustees authorize the Chairman to submit to the

Economic Development Power Allocation Board for approval in each of the next ensuing five years, Economic Development Plans that provide for the use of net revenues from the sale of Expansion Power to support industrial rates, provided that the Chairman, at his discretion, may recommend to the Economic Development Power Allocation Board a different use of such net revenues, consistent with statutory requirements.

"The Senior Vice President – Marketing, Economic Development and Supply Planning, the Senior Vice-President and Chief Financial Officer, the Executive Vice-President, Secretary and General Counsel, the Executive Vice President –Power Generation, and I concur with the recommendation."

Mr. Yates presented the highlights of staff's recommendation to the Trustees. Vice Chairman Ciminelli asked whether the proposed action is tied to newly-enacted legislation; Mr. Yates explained that the recommended action is based on the original 1987 legislation, and that staff has, in the past, submitted recommendations to the Trustees on this matter every five years.

Responding to questions from Vice Chairman Ciminelli, Mr. Blabey indicated that there is currently legislation pending in the State Assembly related to use of revenues from the expansion power program but that it has not yet been adopted.

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

RESOLVED, That the Authority hereby approves Economic Development Plans that provide for the use of net revenues from the sale of Expansion Power to support industrial rates for a five year period, or for such other use as determined by the Chairman, consistent with statutory requirements, in accordance with the foregoing report of the President; and be it further

RESOLVED, That the Chairman or his designee be, and hereby is, authorized to submit annually for five years Economic Development Plans to the Economic Development Power Allocation Board for review and approval; and be it further

RESOLVED, That the Chairman or his designee be, and hereby is, authorized to execute any and all documents necessary or desirable to effectuate such Economic Development Plans.

7. Madison County Landfill Power Project - Expenditure Authorization and Award

The President submitted the following report:

SUMMARY

"The Trustees are requested to authorize an expenditure of up to $2,400,000 for permitting, design, engineering, procurement and turnkey installation of a 1.2 MW landfill gas ('LFG') power plant at the Madison County (the 'County') landfill site and an associated electric distribution line connecting the power plant to the County Office Complex (the 'Project'). The Trustees also are requested to approve that the Authority enter into an agreement with the County for the development and turnkey installation of the Project. The County will be the owner and operator of the Project.

"The Project will allow the County to productively use the LFG generated by the decomposition of landfilled trash for electricity generation. This will eliminate the air pollution from the flaring or burning of the gas, which is the present practice. The Project will allow the County to obtain a long-term supply of LFG-generated electricity for its various facilities in the County Office Complex at a stabilized cost. It will also enable the County to maintain local employment and attract new business.

BACKGROUND

"Section 2879 of the Public Authorities Law and the Authority's Guidelines for Procurement Contracts require Trustees' approval for 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-personal services or equipment purchase contracts in excess of $3,000,000, as well as personal services contracts in excess of $1,000,000 if low bidder, or $500,000 if sole source or non-low bidder, require Trustees' approval.

"LFG is a readily available, local energy source that offsets the need for non-renewable resources such as coal and oil. However, of the 6,000 landfills across the United States, there are only 240 LFG-to-energy projects currently in operation. The U.S. Environmental Protection Agency ('USEPA') estimates that as many as 700 additional landfills could cost-effectively turn their methane into an energy resource, producing enough electricity to power 3 million homes across the nation, which is equivalent to removing 24 million cars from the nation's roads. At least 15 such major landfills are situated within New York State.

"The Authority has already initiated the 2.5 MW LFG-to-energy project at the Town of Colonie ('Colonie') and is in the process of evaluating several other potential LFG projects throughout the State. The County became aware of the Authority's work on the Town of Colonie project. Following the Trustees' approval of the Colonie project, the County approached the Authority in order to secure the Authority's assistance for an LFG plant for the County.

DISCUSSION

"The County landfill is located in the town of Lincoln, at Buyea Road near U.S. Route 5 in Madison County. The Project will produce about 1.2 MW of electricity by using LFG which is presently being collected and flared at the landfill. The LFG power plant will be located on the County-owned property at the landfill. A 3.6-mile overhead, wood-pole electric distribution line will connect the Project with the County Office Complex located at the town of Wampsville. The County Office Complex consists of three Office Buildings, the Veterans Memorial Building, Department of Social Services Building, Maintenance Garage, Correctional Facility, and the Highway Office Building with two garages. All power generated by the Project will be consumed by the County Office Complex.

"The County has operated the Solid Waste Management Facilities, including the landfill and the materials recycling facility, since the early 1970s. The County has progressively developed and extended its landfill gas collection systems, and these efforts have significantly reduced odors and emissions. Recovering the energy from the landfill gas for electricity under the proposed Project would represent the latest step in the County's commitment to the proper economic and environmental management of the landfill. The Project is expected to be developed and to commence commercial operation within 18-24 months from approval by the Trustees.

Roles of the Participants

"The County and the Authority would cooperate in the implementation of the Project in the following manner:

- The Authority will obtain the permits and would design, engineer, procure, install, interconnect, and finance an LFG power plant and a 3.6-mile overhead electric distribution line connecting the power plant to the County Office Complex. The Authority may contract with independent contractors to perform all or part of the Project work.

- The County will be the owner and operator of the Project.

- The County will obtain agreements from those landowners which may be affected by the overhead electric line.

- The County will be responsible for obtaining back-up and supplemental power.

Environmental and Energy Benefits

"LFG is produced by the decomposition of buried trash. It is approximately 50% methane and 45% carbon dioxide. Because it contains methane, it contributes to smog, odors and global warming unless it is properly controlled. Methane is 21 times more potent than carbon dioxide as a greenhouse gas. Flaring the gas eliminates most of the harmful and odorous pollutants but creates new ones, such as sulfur and nitrogen oxides, and does not capture the energy. Using the gas to fuel a power plant will capture the energy value of the gas and reduce pollution from LFG flaring. Additionally, the Project will reduce the need for utility power plant generation to serve the County Office Complex, thus reducing the pollution ordinarily resulting from such generation.

"Based on USEPA data, the Project (including the current collection-flaring program) will yield greenhouse gas reductions equivalent to removing 14,000 cars from the highways. Similarly, based on USEPA data, the Project's greenhouse gas benefits are equivalent to the planting of more than 9,600 acres of forest. The County's landfill presently collects and flares approximately 250 million cubic feet per year of LFG. The energy equivalent of the LFG is approximately 23,000 barrels of oil per year.

"On February 10, 1998, the Madison County Board of Supervisors, as lead agency, issued a State Environmental Quality Review Act ('SEQRA') Conditional Negative Declaration Notice of Determination of Non-Significance for the construction and operation for a landfill gas-fired power plant and its attendant electrical distribution system. The County found that the proposed activity was an Unlisted Action under SEQRA and that it would not have any significant negative environmental effects. The Director of the Environmental Division concurs with the County's Determination of Non-Significance.

"The Project will help meet the widely acknowledged need for electric generating capacity in the New York market, capacity that benefits all consumers. The Authority plans to continue seeking, evaluating and implementing similar economical and environmentally beneficial LFG power projects at other municipalities throughout New York State.

FISCAL INFORMATION

"The Project would be financed from monies from the Capital Fund and Petroleum Overcharge Restitution funds. The total cost to the Authority of the Project is estimated to be approximately $2.4 million, the bulk of which would come from the Capital fund. This amount would cover permitting, design, engineering, equipment procurement, spare parts, construction, commissioning and Authority overheads, as well as the cost of advancing funds.

"The Authority would enter into an agreement with Madison County for the recovery of the total project cost from Madison County within a ten-year period.

RECOMMENDATION

"The Director - Research and Technology Development, the Senior Vice President – Energy Services and Technology, and the Senior Vice President – Public and Governmental Affairs recommend that the Trustees authorize funding of up to $2,400,000 for the County Office Complex, as described above.

"It is also recommended that the President be authorized to execute an agreement on behalf of the Authority with Madison County for the development and turnkey installation of the County Office Complex.

"The Senior Vice President - Chief Financial Officer, the Senior Vice President – Marketing, Economic Development and Supply Planning the Executive Vice President, Secretary and General Counsel, the Executive Vice President - Power Generation, and I concur in the recommendation."

Mr. Zelingher presented the highlights of staff's recommendation to the Trustees. Responding to questions from Chairman Seymour, Mr. Zelingher clarified that this particular project is not a fuel cell project, it is conventional technology running on landfill gas. Vice Chairman Ciminelli inquired as to the net generation at the power plant; Mr. Zelingher responded that 1.2 MW would be produced.

Trustees Carey and McCullough noted their belief that the proposed project is a good and valuable program.

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

RESOLVED, That capital expenditures are hereby approved to be committed in accordance with the Authority's Expenditure Authorization Procedures for the Project, as set forth in the foregoing report of the President, in the amount and for the purposes listed below:

Capital	**Expenditure Authorization**
Permitting, design, engineering, equipment procurement, spare parts, construction, commissioning, and Authority direct/indirect expenditures	**$2,400,000**
TOTAL PROJECT COST	**$2,400,000**

AND BE IT FURTHER RESOLVED, That the President is authorized to execute an agreement on behalf of the Authority with Madison County for the development and turnkey installation of the Project, having such terms and conditions as he deems necessary or desirable and as are consistent with the foregoing

report of the President, subject to approval of the form thereof by the Executive Vice President, Secretary and General Counsel; and be it further

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

8. In-City Generation Project – Ratification of Determination of Significance and Acceptance of Complete Draft Environmental Impact Statement and Draft Supplemental Environmental Impact Statement

The President submitted the following report:

SUMMARY

"The Trustees are requested to approve the attached Resolution ratifying, approving and adopting (1) the Positive Declaration issued on November 20, 2001 for the In-City Generation Project by the Director - Environmental Division; (2) the acceptance of the Draft Environmental Impact Statement ('DEIS') (Exhibit '9-A1') for the In-City Generation Project; and (3) the acceptance of the Draft Supplemental Environmental Impact Statement ('DSEIS') (Exhibit '9-A2') examining several areas of environmental concern at the Vernon Boulevard site.

BACKGROUND

"Following the Trustee resolution of August 29, 2000 authorizing the purchase of up to 11 simple-cycle, natural gas GE LM6000 gas turbine ('GT') units under the In-City Generation Project, an extensive investigation of sites for placement of the turbines took place. The Director - Environmental Division initiated a coordinated review of the potential environmental impacts of the Project pursuant to the State Environmental Quality Review Act ('SEQRA'), and the New York Power Authority was designated Lead Agency for that review. In the fall of 2000, six sites in New York City and one site in Long Island were chosen for installation of 11 GTs. Pursuant to 21 NYCRR 461, the Director - Environmental Division determined on November 20, 2000, that the siting, construction and operation of the facilities in Bronx, Kings, Queens, and Suffolk Counties is a Type I action and that, based upon the environmental analysis performed as part of the coordinated review, the Project will not have a significant adverse impact on the environment and will not require the preparation of an environment impact statement. At their meeting of November 28, 2000, the Trustees ratified this Negative Declaration.. Notices of the issuance of the Negative Declaration were published in the Environmental Notice Bulletins ('ENB') on December 8, 2000 and January 3, 2001. At their meeting of December 19, 2000, based upon a similar coordinated review of the Pouch Terminal facility in Staten Island, the Trustees ratified a Negative Declaration for that facility.

"The Authority's Negative Determination with respect to six of the seven sites was annulled by the Appellate Division on July 23, 2001 in Matter of UPROSE et al. v. New York Power Authority et al., 285 A.D. 2d 603 (AD 2nd Dept. 2001) and was annulled with respect to the Pouch Terminal facility in Staten Island on November 2, 2001 in Concerned Homeowners of Rosebank et al. v. New York Power Authority et al., Index. No. 8164 (Sup. Ct. Richmond Cty. 2001). In UPROSE and in Rosebank, the courts directed the Authority to issue a positive declaration and prepare an EIS. Further, in Silvercup Studios, Inc., et al. v. New York Power Authority, 285 A.D. 2d 598 (AD 2nd Dept 2001), the Appellate Division determined that hazardous materials, historical and archaeological resources, and neighborhood character relating to the Vernon Boulevard site should be examined in an EIS.

DISCUSSION

"The Director - Environmental Division has prepared a Positive Declaration for the In-City Generation Project pursuant to the orders of the Appellate Division and the Supreme Court, Richmond County. The Director - Environmental Division has also caused to be prepared, consistent with the orders of the courts, and has accepted a DEIS on the In-City Generation Project and a DSEIS related to issues at the Vernon Boulevard site.

"A hearing on the DEIS has been scheduled for December 19, 2001 in Brooklyn and a hearing on the DSEIS has been scheduled for December 20, 2001 in Queens. The public comment periods on the DEIS and the DSEIS will extend through December 31, 2001.

FISCAL INFORMATION

"No expenditures are associated with this resolution.

RECOMMENDATION

"The Project Manager, the Director - Environmental Division, and the Vice President - Project Management recommend that the Trustees approve the attached resolution ratifying, approving, and adopting: (1) the Positive Declaration issued on November 20, 2001 for the In-City Generation Project by the Director - Environmental Division; (2) the acceptance of the for the In-City Generation Project; and (3) the acceptance of the Draft Supplemental Environmental Impact Statement examining several areas of potential environmental impact at the Vernon Boulevard site.

"The Executive Vice President - Corporate Services and Human Resources, the Executive Vice President, Secretary and General Counsel, the Executive Vice President, Power Generation and I concur in this recommendation."

Mr. Slade presented the highlights of staff's recommendation to the Trustees. Responding to a question from Chairman Seymour, Mr. Slade indicated that any effects on air quality would be insignificant even if the plants run 365 days a year, which they will not, due to lack of demand at certain times and natural gas unavailability.

Mr. Slade added that, as part of the ratification process, he would ask that the Chairman be authorized to ratify any and all minor changes that may still need to be made to either of the statements.

In response to questions from Trustee McCullough about the extent to which the Court had defined the scope of the two documents, Mr. Blabey introduced Mr. Steven Kass of the Carter, Ledyard & Milburn firm, who explained that the Court itself had defined and directed the scope as well as articulating its desire to see a full Environmental Impact Statement completed promptly.

Trustee McCullough noted that while the staff's proposed recommendation calls for no additional expenditures, the Trustees previously authorized sufficient funds to cover the costs of the EIS effort.

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

RESOLVED, That the Authority hereby ratifies, approves and adopts: (1) the Positive Declaration issued on November 20, 2001 for the In-City Generation Project by the Director - Environmental Division; (2) the acceptance of the Draft Environmental Impact Statement for the In-City Generation Project; and (3) the acceptance of the Draft Supplemental Environmental Impact Statement examining several areas of potential environmental impact at the Vernon Boulevard site.

9. <u>Motion to Conduct Executive Session</u>

On motion duly made and seconded, an Executive Session was held at 12 noon for the purpose of discussing matters affecting the public safety and matters relating to effective law enforcement, as well as the retention of services of particular persons and corporations.

10. <u>Motion to Resume Meeting in Open Session</u>

On motion duly made and seconded, the meeting resumed in open session at 1:05 p.m.

11. <u>Long Island Power Authority Revolving Fund and Contract Services</u>

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

RESOLVED, That the Trustees authorize the use of operating fund monies to establish a revolving fund, not to exceed in the aggregate the amount of $2,000,000, for certain financial, legal, environmental, procurement, real estate, management, engineering and other services and technical assistance to be rendered by the Authority in connection with the Long Island Power Authority's turbine projects; and be it further

RESOLVED, That the Trustees authorize the President and Chief Operating Officer and/or the Executive Vice President, Secretary and General Counsel to: (i) allocate the requested funding in his discretion, as services are performed or technical assistance rendered for or at the request of the Long Island Power Authority; (ii) to establish and enter into such contracts for services and assistance, as necessary in relation to such work, and having such terms and conditions as such officer deems necessary or advisable; and (iii) to authorize increases in the compensation ceilings of any contracts necessary to cover such work, all as requested by the Authority employee on special assignment to the Long Island Power Authority.

12. Next Meeting

The regular meeting of the Trustees will be held on **Tuesday, December 18, 2001, at 11:00 a.m., at the Albany Office, 30 South Pearl Street – 10th floor,** unless otherwise designated by the Chairman with the concurrence of the Trustees.

13. Closing

On motion duly made and seconded, the meeting was adjourned at approximately 1:07 p.m.

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

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