

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

October 29, 2002

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Minutes of the Regular Meeting of the Power Authority of the State of New York held at the Blenheim-Gilboa Power Project at 11:45 a.m.

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

Eugene W. Zeltmann	President and Chief Executive Officer
David E. Blabey	Executive Vice President, Secretary and General Counsel
Robert A. Hiney	Executive Vice President – Power Generation
Vincent C. Vesce	Executive Vice President – Business Services and Administration
H. Kenneth Haase	Senior Vice President – Transmission
Louise M. Morman	Senior Vice President – Marketing, Economic Development and Supply Planning
Robert L. Tscherne	Senior Vice President – Energy Services and Technology
Michael H. Urbach	Senior Vice President and Chief Financial Officer
Carmine J. Clemente	Deputy Secretary and Deputy General Counsel
Arnold M. Bellis	Vice President – Controller
Woodrow W. Crouch	Vice President – Project Management
Robert J. Deasy	Vice President – Energy Resource Management and Fuels Operations
John M. Hoff	Vice President – Procurement and Real Estate
Charles I. Lipsky	Vice President - Chief Engineer
Thomas H. Warmath	Vice President and Chief Risk Officer, Energy Risk Assessment and Control
James H. Yates	Vice President – Major Account Marketing & Economic Development
Dennis T. Eccleston	Chief Information Officer
John J. Hahn	Acting Inspector General
George W. Collins	Treasurer
Craig D. Banner	Director – Electric Systems Marketing and Customer Billing
Angelo S. Esposito	Director – Energy Services
Edward Hubert	Director - Transportation
John L. Murphy	Director – Public Relations
Mark D. O’Connor	Director – Real Estate
John Grzan	Senior Project Manager
Stephen M. Ramsey	Senior Community Relations Representative
Allison Shea	Senior Attorney II
Helen L. Eisenfeld	Manager – Cost Control
Roger Clough	Hotstick Lineman/Union Bus. Manager
Roger W. Busha, Jr.	Security Specialist
Benjamin C. Wong	Project Manager
James McCarthy, Jr.	Regional Manager – Central New York
Steven DeCarlo	Operations Support
Bonnie Fahey	Executive Assistant
Donna Gentile	Executive Assistant
Wayne Gowen	LAN Administrator
Alice F. Simon	Assistant Ethics Officer
Andrew J. McLaughlin	Assistant Secretary – Legal Affairs

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Noelle Zandri	Secretary to General Counsel
Teresa M. Barrett	Law Assistant
Stephen A. Monteleone	Security Supervisor
Felicia Eccles	Receptionist

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

1. **Approval of the Minutes**

The minutes of the regular meeting of September 17, 2002 were unanimously adopted.

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2. **Financial Reports for the Nine Months Ending September 30, 2002**

Mr. Urbach provided the final Financial Reports for the nine months ending September 30, 2002.

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

At the request of President Zeltmann, Mr. Collins discussed the financing of the new 500 MW Combined Cycle plant in Astoria, Queens and noted that the financing resulted in the lowest borrowing rates for the Authority in a long time.

Mr. Collins thanked Messrs. Brady, Ernsthaf and McElroy as well as the rest of staff who helped work on the financing. Mr. Collins also thanked Messrs. Ginty and Matteo of Public Financial Management for their work and introduced Mr. Matteo.

Mr. Matteo gave a presentation regarding the financial background and market conditions leading up to the recent bond sale. Mr. Matteo emphasized that the Authority was helped by a dramatic drop in interest rates, and he explained the pricing strategy of the 2002A Bonds, noting that the bond structure was bifurcated among retail and institutional buyers so as to lower borrowing costs, and that this resulted in strong pricing relative even to comparable issuances by other state entities. Mr. Collins then explained the benefits to this transaction and noted the excellent market timing involved.

At this time, Mr. Hiney described how the proceeds of the transaction would be utilized with respect to the 500 MW plant. Mr. Hiney further noted that the groundbreaking for the new plant is scheduled for November 6, 2002 and that the overall construction schedule is not so compressed as to preclude needed flexibility. In response to questions from Chairman Ciminelli, Mr. Crouch explained that four to five months had been built into the schedule prior to commercial operation to allow for debugging.

4. Power Allocations under the Power for Jobs Program

The President and Chief Executive Officer submitted the following report:

SUMMARY

“The Trustees are requested to approve 37 allocations of available power under the Power for Jobs program to the businesses listed in Exhibit ‘4-A’ which have been recommended for such allocations by the Economic Development Power Allocation Board (‘EDPAB’).

BACKGROUND

“In July 1997, Governor George E. Pataki and the New York State Legislature approved a program to provide low-cost power to businesses and not-for-profit corporations that agree to retain or create jobs in New York State. In return for commitments to create or retain jobs, successful applicants receive three-year contracts for Power for Jobs electricity.

“The Power for Jobs program originally made available 400 megawatts (MW) of power; 200 MW provided from the Authority’s James A. FitzPatrick Nuclear Power Project and 200 MW purchased by the Authority through a competitive bid process. The program was to be phased in over three years, with approximately 133 MW being made available each year. In July 1998, as a result of the initial success of the program, Governor Pataki and the Legislature amended the Power for Jobs statute to accelerate the distribution of the power, making of total of 267 MW available in Year One. The 1998 amendments also increased the size of the program to 450 MW, with 50 MW to become available in Year Three.

“In May 2000, legislation was enacted which authorized another 300 megawatts of power to be allocated under the Power for Jobs program. The additional megawatts were described in the statute as ‘phase four’ of the program. Customers who received allocations in Year One were authorized to apply for reallocations. Over 95% reapplied. The balance of the power was awarded to new applicants.

“In July 2002, legislation was signed into law by Governor Pataki which authorized another 183 MW of power to be allocated under the program. The additional megawatts are described in the statute as ‘phase five’ of the program. Customers who received allocations in Year Two or Year Three will be given priority to reapply for the program. Any remaining power will be made available to new applicants.

“Approved allocations will entitle the customer to receive the power from the Authority pursuant to a sale for resale agreement with the customer’s local utility. A separate allocation contract between the customer and the Authority will contain job commitments enforceable by the Authority.

“The program is designed to assist New York State enterprises that are at risk of reducing or closing their operations or moving out of State or are willing to expand job opportunities. Successful applicants are required to create or maintain a specific number of jobs in order to qualify for an allocation. At various meetings from December 1997 through September 2002, the Trustee’s approved allocations to 1,047 employers under the Power for Jobs program. Currently, the program is linked to some 300,000 jobs at manufacturing facilities, small businesses, hospitals, colleges and cultural institutions across the state.

DISCUSSION

“Completed applications were reviewed by EDPAB and recommendations were made based on a number of competitive factors including the number of jobs retained or created, the amount of capital investment in New York State and whether a business is at a competitive disadvantage in New York. Thirty-seven applications were deemed highly qualified and presented to the EDPAB for its review on October 28, 2002.

“As a result of its meeting, the EDPAB recommended that the Authority’s Trustees approve the allocations to the 37 businesses listed in Exhibit ‘4-A’. Exhibit ‘4-A’ lists those businesses that were recommended to have their existing allocation extended under phase four of the program. Collectively, these organizations have agreed to create or retain over 10,800 jobs in New York State in exchange for allocations totaling 20.900 M w. The allocation contracts will be for a period of three years. The power will be wheeled by the investor-owned utilities as indicated in the exhibits. The basis for EDPAB’s recommendations is also included in the exhibits.

RECOMMENDATION

“The Vice President – Major Account Marketing and Economic Development and the Manager – Business Power Allocations and Compliance recommend that the Trustees approve the allocations of power under the Power for Jobs program to the companies listed in Exhibit ‘4-A’.

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

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

Responding to questions from Trustee Seymour, Mr. Yates described the rates which would be applied to the businesses receiving allocations.

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

WHEREAS, the Economic Development Power Allocation Board has recommended that the Authority approve an aggregate 20.900 MW of allocations of Power for Jobs power to the companies listed in Exhibit “4-A”;

NOW THEREFORE BE IT RESOLVED That to implement such Economic Development Power Allocation Board recommendations, the Authority hereby approves allocations of Power for Jobs power to the companies listed in Exhibit “4-A” (the “Customers”), as submitted to this meeting, and that the Authority finds that such allocations are in all respects reasonable, consistent with the requirements of the Power for Jobs program and in the public interest; and be it further

RESOLVED, That a total of 20.900 MW of power from the James A. FitzPatrick Plant and power purchased by the Authority in a competitive bid process be sold to the utilities that serve such Customers for resale to them for a period of up to three years under the terms of both the Authority’s Power for Jobs sale for resale contracts with the utilities and separate allocation contracts between the Authority and such Customers; and be it further

RESOLVED, That the Senior Vice President - Marketing and Economic Development or her designee be, and hereby is, authorized to negotiate, subject to approval of the form thereof by the Executive Vice President, Secretary and General Counsel, to execute any and all documents necessary or desirable to effectuate the foregoing.

5. Transfer of Allocations from IBM Endicott to Endicott Interconnect Technologies, Inc.

The President and Chief Executive Officer submitted the following report:

SUMMARY

“The Trustees are requested to approve the transfer of 20,000 kW of Economic Development Power and 5,000 kW of Power for Jobs power from IBM Endicott to Endicott Interconnect Technologies (“EIT”), a private consortium of investment partners. As part of the transfer, EIT will commit to maintain an employment level of 5,500 jobs.

BACKGROUND

“IBM Endicott developed and manufactured various electronic products at its Endicott plant. EIT, the proposed new owners of the Endicott facility, has announced that it intends to take over the operation of IBM Endicott’s facility and will establish its headquarters at the facility. The company has indicated that both Authority allocations need to be transferred to the Endicott facility in order for the acquisition to be successful. Both allocations represent a total commitment of 6,000 jobs.

DISCUSSION

“EIT has acquired the IBM Endicott facility and is committed to continue operations at the Endicott facility. As a result, the facility will continue to be one of the largest and highest paying employers in Broome County. EIT has plans to use approximately 2.7 million square feet of manufacturing space for micro -electronics manufacturing and lease back the remaining 1.4 million square feet of facility space to IBM for general office use. EIT has stated that all 5,500 employees currently at the location will remain fully employed at the facility either as employees of EIT (3,500 jobs) or IBM (2,000 jobs). The acquisition of IBM Endicott is supported by the Empire State Development Corporation.

“In accordance with the Authority’s Rules and Regulations (Procedures for Allocation of Industrial Power and Enforcement of Contracts, (21 NYCRR 460.7 (1988)), no voluntary transfer of Industrial Power may be made without the written approval of the Authority.

RECOMMENDATION

“The Vice President – Major Account Marketing and Economic Development and the Manager – Business Power Allocations and Compliance recommend that the Trustees approve the transfer of 20,000 kW of Economic Development Power, and 5,000 kW of Power for Jobs power from IBM Endicott to Endicott Interconnect Technologies , subject to the conditions set forth above.

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

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

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RESOLVED, That the transfer of IBM Endicott's allocations of 20,000 kW of Economic Development Power, and 5,000 kW of Power for Jobs power to Endicott Interconnect Technologies, Inc. be, and hereby are, approved; and be it further

RESOLVED, That the Senior Vice President – Marketing, Economic Development and Supply Planning or her designee be, and hereby is, authorized to negotiate, subject to approval of the form thereof by the Executive Vice President, Secretary and General Counsel, and execute any and all documents necessary or desirable to effectuate the foregoing necessary or desirable, to effectuate the aforesaid allocations subject to approval of the form thereof by the Executive Vice President, Secretary and General Counsel.

6. Approval of Extensions to the Term of Service for Two Existing Expansion Power Customers – Moog, Inc. and Steuben Foods

The President and Chief Executive Officer submitted the following report:

SUMMARY

“The Trustees are requested to approve an extension to the term of service for a 3,000 kW allocation of Expansion Power to Moog, Inc., (‘Moog’) and 5,000 kW allocation of Expansion Power to Steuben Foods, (‘Steuben’), both of which are existing customers.

BACKGROUND

“Under Section 1005 (13) of the Public Authorities Law (‘PAL’), the Authority may contract to allocate or reallocate directly or by sale for resale, 250 megawatts (‘MW’) of firm hydroelectric power as ‘Expansion Power’ to businesses within the state located within 30 miles of the Niagara Power Project, provided that the amount of power (19,732 kilowatts ‘kW’) allocated to businesses in Chautauqua County on January 1, 1987 continue to be allocated in such county.

“Each application for an Expansion Power allocation must be evaluated under criteria which include, but need not be limited to, those set forth in PAL Section 1005 (13) (a) which sets forth the eligibility, and Subsection (b) which sets forth the criteria for revitalization.

“Among the factors to be considered when evaluating a request for revitalization purposes are that the business is likely to partially close or relocate resulting in loss of jobs; the business is an important employer in the community; and the business has pursued other available sources of assistance to reduce energy costs.

DISCUSSION

Moog, Inc.

“Moog is a leading designer and manufacturer of precision motion control systems and components for aerospace and industrial markets. The company’s products are found on military and commercial jet aircraft, launch vehicles and satellites, as well as industrial machine controls used for plastic production and product testing.

“Although the company has been constantly under pressure to maintain the cost-competitiveness of its operations, it has been able to maintain and increase its employment levels through a combination of the relocation of acquired assets to its East Aurora facility along with investment in new programs and products.

“In addition to an allocation of 750 kW that Moog received in the early 1960’s, the Trustees subsequently approved three 1,000 kW allocations of Expansion Power to Moog in the 1980’s. These allocations, totaling 3,750 kW, represent a commitment of 1,600 jobs. Moog also received an additional allocation of 500 kW of Expansion Power at the Trustees’ meeting of June 26, 2001, for a commitment of 1,987 jobs. This allocation will be delivered upon the company’s successful completion of its most recent expansion project.

“A total of 3,000 kW of the 4,250 kW allocated to Moog will expire on August 31, 2004. The 750 kW and 500 kW allocations will expire on June 30, 2013, provided that service past the end of the current Niagara Project license on August 31, 2007 is subject to the Authority receiving a new license for Niagara from the Federal Energy Regulatory Commission (‘FERC’) on terms allowing such extension.

“Staff recommends that the Trustees approve the extension of the term of service for 3,000 kW to June 30, 2013, subject to the Niagara License provision mentioned above, so the term will coincide with Moog’s other allocations. The company will commit to maintain the existing employment commitment of 1,600 jobs in return for the extension.

Steuben Foods

“Steuben Foods develops and produces extended shelf life and aseptic food products for national and international food marketing companies. The company currently has two allocations of Expansion Power, 5,000 kW and 750 kW, both used at the company’s Elma facility. The 5,000 kW allocation will expire on August 31, 2004.

“The company is in the process of developing capital budgets and making pricing commitments for existing and potential customers that will extend beyond the August 31, 2004 expiration date for the 5,000 kW allocation.

“Staff recommends that the Trustees approve an extension of the term of service for the 5,000 kW allocation of Expansion Power to June 30, 2013, provided that service past the end of the current Niagara Project license on August 31, 2007, is subject to the Authority receiving a new license for Niagara from the FERC on terms allowing such extension. The company will commit to maintain its current employment commitment of 500 jobs.

“The approvals are appropriate and will help to maintain costs which will enable Moog and Steuben Foods to compete more effectively. In addition, they will further secure the employment levels in Erie County.

“The request has been reviewed in accordance with the applicable criteria set forth in that portion of the Authority's Rules and Regulations governing the Allocation of Industrial Power, 21 NYCRR 460 (1983).

RECOMMENDATION

“The Vice President - Major Account Marketing and Economic Development and the Manager – Business Power Allocations and Compliance recommend that the Trustees approve extensions to the term of service for 3,000 kW of Expansion Power to Moog, Inc. from August 30, 2004 to June 30, 2013; and for 5,000 kW of Expansion Power to Steuben Foods from August 30, 2004 to June 30, 2013, provided that service past the end of the current Niagara Project license on August 31, 2007 is subject to the Authority receiving a new license for Niagara from the Federal Energy Regulatory Commission on terms allowing such extension.

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

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

Responding to questions from Trustee Seymour, Mr. Yates described the rates which would be applied to the businesses receiving allocations.

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

RESOLVED, That staff's review of applicable statutory and regulatory criteria supports an extension of 3,000 kW of Expansion Power to Moog, Inc., and that such extension be, and hereby is, approved on the terms set forth in the foregoing report of the President and Chief Executive Officer; and be it further

RESOLVED, That staff's review of applicable statutory and regulatory criteria supports an extension of 5,000 kW of Expansion Power to Steuben Foods and that such extension be, and hereby is, approved on the terms set forth in the foregoing report of the President and Chief Executive Officer; and be it further

RESOLVED, That the Senior Vice President – Marketing, Economic Development and Supply Planning or her designee, be, and hereby is, authorized to negotiate, subject to approval of the form thereof by the Executive Vice President, Secretary and General Counsel, and execute any and all documents necessary or desirable to effectuate the above extensions.

**7. Richard M. Flynn Combined Cycle Station –
Replacement of Low Pressure Evaporator, Low Pressure Drum
and High Pressure Steam Drum Internals Program –
Frank Lill & Son, Inc. – Award**

The President and Chief Executive Officer submitted the following report:

SUMMARY

“The Trustees are requested to authorize expenditures of \$3,800,000 for the replacement of the Richard M. Flynn Station’s (‘Flynn’s’) Heat Recovery Steam Generator (‘HRSG’) low pressure evaporator, low pressure drum and high pressure steam drum internals and to authorize award of a contract to Frank Lill & Son, Inc. (‘Frank Lill’), in an amount not to exceed \$3,500,000, to perform the work. Of the total project estimated cost, \$3,160,000 will be for capital expenditures and \$640,000 would be from the proposed 2003 O&M Budget.

BACKGROUND

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

“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 of sole source or non-low bidder, require Trustees’ approval.

“The HRSG components being replaced are part of the original installation which went into service in 1994. Through operating usage the equipment, which includes the low pressure (‘LP’) evaporator, low pressure drum and high pressure (‘HP’) drum internals, now requires replacement due to its degraded condition. The degraded condition has resulted in reduced efficiency, moisture carryover into the high and low pressure steam drum, and corrosion within the existing evaporator tubes. Moisture carryover in the high and low pressure steam is caused by degradation in the steam separators located in the high and low pressure drums. The moisture in the steam can cause damage to piping and the steam turbine. The low pressure evaporator has had a problem with flow accelerated corrosion, which is amplified by existing sharp radius bends in the evaporator tubes.

“The flow-accelerated corrosion has resulted in tube failures, which were isolated and plugged by the site. Approximately 60 tubes out of 680 have been plugged in the LP evaporator section. The replacement evaporator will utilize a panel-type design, which will eliminate the sharp radius bends in the tubes, and will be constructed of a material more resistant to flow accelerated corrosion.

DISCUSSION

“The replacement is scheduled to be installed during the October/November 2003 outage scheduled at the Flynn station. The lead time for manufacturing the internal parts is approximately 8-10 months.

“Accordingly, bids from contractors to furnish, deliver and install a new LP Evaporator, LP Drum, and HP Drum Internals, were solicited from 12 firms, including both installation contractors and HRSG manufacturers.

“On September 3, 2002, one proposal was received from Frank Lill, a New York State mechanical contractor. Frank Lill has experience in new HRSG installations as well as maintenance replacements such as the scope of this work and will team up with Nooter/Ericksen, a HRSG manufacturer who is the original equipment manufacturer for the Flynn Station HRSG. The estimated price for the work is approximately \$3,800,000. Most of the bidders who did not respond noted that the scope of the job was too big, or that they were going to submit bids as a subcontractor.

“The Trustees are requested to authorize the expenditure of \$3,800,000, which includes the award of a contract to Frank Lill & Son, Inc., in an amount not to exceed \$3,500,000. The total project cost will be proportioned between capital and O&M at \$3,160,000 and \$640,000, respectively.

FISCAL INFORMATION

“Payment will be made from the Capital Fund and the 2003 O&M Budget.

RECOMMENDATION

“The Vice President and Chief Engineer, the Vice President – Procurement and Real Estate and the Resident Manager – Southeastern New York, recommend that pursuant to the Guidelines for Procurement Contracts and the Expenditure Authorization Procedures adopted by the Authority, the Trustees authorize the expenditures of \$3,800,000 for the Heat Recovery Steam Generator refurbishment program at the Richard M. Flynn Combined Cycle Station, and award of a contract to Frank Lill & Son, Inc., in an amount not to exceed \$3,500,000.

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

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

Responding to questions from Trustee Carey, Messrs. Hiney and Lipsky explained that the HRSG components had lasted only 8 years and degraded more rapidly than originally anticipated. While Mr. Lipsky noted that some degree of degradation and corrosion is relatively normal for these components, Mr. Hiney stressed that such a short useful life was not staff's expectation at the time of installation. Mr. Lipsky added that the design of the new replacement components should avoid these problems.

Responding to questions from Chairman Ciminelli, Mr. Lipsky replied that the degradation of the original components was not covered by warranty.

Responding to questions from Trustee Seymour, Mr. Lipsky discussed the cost estimates for the proposed replacement, noting that while the final price is still being negotiated, the contract amount would be consistent with the original cost estimate.

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

RESOLVED, That, pursuant to the Authority's Guidelines for Procurement Contracts, capital expenditures and O&M expenditures are hereby approved to be committed, in accordance with the Authority's Expenditure Authorization Procedures, for the Richard M. Flynn station HRSG Internals Replacement Program in the amounts and for the purposes listed below:

<u>Capital</u>	<u>Expenditure Authorization Request</u>
Richard M. Flynn HRSG Internals Replacement Program:	
Capital Funds	\$3,160,000
O&M Funds	<u>640,000</u>
Estimated Total	<u>\$3,800,000</u>
 Award of Contract to Frank Lill & Son Inc. (PO# TBA)	
 TOTAL ESTIMATED PRICE	 <u>\$3,500,000</u>

AND BE IT FURTHER RESOLVED, That the Executive Vice President – Power Generation or his designee be, and hereby is, authorized to negotiate and execute any and all agreements necessary or desirable to effectuate the foregoing expenditures, subject to approval of the form thereof by the Executive Vice President, Secretary and General Counsel.

8. Poletti Project - Cost Sharing of A-10 Dock Rehabilitation – Reliant Energy, Inc.

The President and Chief Executive Officer submitted the following report:

SUMMARY

“The Trustees are requested to authorize an agreement with Astoria Generating Company, L.P., also known as Reliant Energy, Inc. (‘Reliant Energy’), for the cost sharing associated with the stabilization and rehabilitation of the A-10 Dock located at Astoria, Queens on property owned by Consolidated Edison Company of New York, Inc. (‘Con Edison’) and leased to Reliant Energy for a 99-year term.

BACKGROUND

“The Authority’s Expenditure Authorization Procedures require the Trustees’ approval of commitments of \$3,000,000 or greater.

“Under the 1981 Operating Agreement (‘Operating Agreement’) between the Authority and Con Edison, Con Edison maintains the A-10 Dock ‘in such manner as to accommodate barges and oceangoing vessels and to permit the discharge of fuel oil therefrom’ for use as a boiler fuel at the Charles A. Poletti Plant Project (‘Poletti’) and Astoria generating facilities. The Operating Agreement provides that the Authority is liable for a minimum of 36% of the carrying charges arising from the fuel oil facilities, which would include the cost of the A-10 Dock rehabilitation, amortized over the useful life of the improvement. The Operating Agreement also provides that the Authority may provide, at its own cost, piping connections and other facilities, including unloading arms, which the Authority will own at the A-10 Dock to facilitate the receiving, unloading and forwarding of #6 fuel oil to the Authority’s facilities for the existing 825 MW Poletti plant. It is also the Authority’s desire to install new unloading arms for receiving aviation kerosene (‘jet-kero’) at the A-10 Dock for the 500 MW Combined Cycle Project.

“On August 20, 1999, Con Edison granted Astoria Generating Company, L.P. the non-exclusive right to use the A-10 Dock for an initial term of approximately 20 years with four automatic renewals of 20 years each. Con Edison also assigned its A-10 Dock maintenance obligation to Reliant Energy. Prior to granting the Authority permission to install the new unloading arms, Reliant Energy required an inspection of the A-10 Dock.

DISCUSSION

“Reliant Energy engaged the services of Han-Padron Associates, LLP (‘HPA’) to perform an above and underwater inspection as well as structural analyses, and to develop repair alternatives for the entire A-10 Dock located at Astoria, Queens, New York for the lump sum price of \$86,900. The Authority agreed to reimburse Reliant Energy for half of this cost.

“HPA began an evaluation of the A-10 Dock on April 29, 2002. The initial inspection work revealed that the wharf is in critical physical condition. The findings revealed that all of the timber elements supporting the platform are in poor to severe condition, due primarily to marine borer infestation, and are deteriorated. HPA concluded that there is a strong potential for localized failures, in addition to the possibility of a total failure. While not included as a part of the inspection, HPA noted the condition and stability of a portion of the adjacent A-11 Dock to be a serious concern; not only for its continued safe operation, but also for the negative impact its failure would have on the A-10 Dock. The final inspection and report was completed in July 2002. On August 15, 2002, a portion of the A-11 Dock collapsed. As a result of the A-11 collapse, Reliant Energy has indefinitely closed the A-10 Dock to further oil deliveries.

“The parties have agreed to undertake one of the options set forth in the final inspection report, which recommends construction of a new t-head pier at the A-10 dock at a total estimated cost of \$11,000,000. Although, as previously noted, the Authority is not obligated, pursuant to the Operating Agreement, to pay its share of the cost of the rehabilitation on a lump sum basis, the Authority has agreed to pay 40% of the cost of the A-10 rehabilitation

on a one-time basis. This amount has been deemed to be a reasonable allocation of the rehabilitation costs to the Authority based upon its historical use of the A-10 Dock. Reliant Energy shall be responsible for the implementation of A-10 Dock rehabilitation work ('Project Work') to be performed by it or through the services of contractors and subcontractors. The Authority assumes no responsibility for the Project Work other than the Authority's reimbursement obligation. Reliant Energy shall be solely responsible for assuring compliance with all applicable federal, state, and local laws and rules relating to the performance of Project Work.

"The Authority also requires that new unloading arms be installed by the spring of 2004 to support the startup and commissioning of the 500 MW Combined Cycle Project. The new unloading arms would be installed upon completion of the A-10 Dock rehabilitation.

FISCAL INFORMATION

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

RECOMMENDATION

"The Vice President - Project Management, the Vice President – Procurement and Real Estate, and the Regional Manager – Southeastern New York recommend that the Trustees authorize the funding of up to \$4,500,000 for the A-10 Dock rehabilitation and stabilization, representing approximately 40% of the total estimated cost.

"The Executive Vice President - Power Generation, the Executive Vice President, Secretary and General Counsel, the Executive Vice President - Business Services and Administration, and I concur in the recommendation."

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

Mr. Grzan also thanked Ms. Shea for providing her extensive legal expertise in connection with the proposed transaction and for her diligence and perseverance.

Responding to questions from Chairman Ciminelli, Messrs. Grzan and Hiney discussed the necessity and logistics for installing new fuel unloading arms in connection with the 500 MW Combined Cycle Project.

Responding to further questions from Chairman Ciminelli, Mr. Grzan addressed the possibility of potentially using innovative technologies, such as bio-diesel fuel, in connection with this project.

Messrs. Crouch, Grzan and Hiney then responded to questions from Trustee Carey regarding the risk to sea walls due to marine borer infestation.

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

RESOLVED, That the President and Chief Executive Officer, the Vice President - Project Management, or the Vice President - Contracts and Real Estate be, and hereby is, authorized on behalf of the Authority to execute all such agreements or instruments which may be deemed necessary or advisable to carry out the foregoing agreement with Reliant Energy, for cost sharing in an amount up to \$4,500,000, associated with the stabilization and rehabilitation of the A-10 Dock located at Astoria, Queens located on Con Edison property, subject to the approval of the Executive Vice President, Secretary and General Counsel as to the form thereof.

9. Delegation of Authority to Enter Into Energy-Related Transactions, Fuel-Related Transactions, and Hedging Transactions Related to Energy and Fuel

The President and Chief Executive Officer submitted the following report:

SUMMARY

“The Trustees are requested to delegate to the President and Chief Executive Officer the authority to approve energy-related transactions, fuel-related transactions, and hedging transactions related to energy and fuel within the limits of \$20 million per transaction for fuel-related transactions and \$20 million per transaction for energy-related transactions and hedging transactions. Under current authority, the limit for to the President and Chief Executive Officer for energy-related transactions and hedging transactions is \$15 million.

“The Trustees are also requested to delegate to (1) the Executive Vice President - Power Generation the authority to approve energy-related transactions and fuel-related transactions within the limit of \$20 million per transaction, and (2) the Senior Vice President and Chief Financial Officer the authority to approve hedging transactions related to energy and fuel within the limit of \$20 million per transaction.

“The Trustees are further requested to approve the ‘Governing Policies For Energy Risk Management’ (the ‘Governing Policies’) that are attached hereto (Exhibit ‘9-A’), which include authority for certain officers and staff members to approve, within specified limits, energy-related transactions, fuel-related transactions, and hedging transactions related to energy and fuel.

“This delegation of authority would supercede the Trustees’ prior action of October 31, 2000 adopting guidelines related to the purchase and sale of power and energy and financial transactions related to such purchases and sales and fuel transactions. This delegation of authority would also supercede the existing Expenditure Authorization Policies and Procedures governing fuel transactions, which were adopted April 15, 1988 and June 9, 1999.

“The proposed changes are necessary: to allow for more rapid response to the changed business environment brought about by the operation of the New York Independent System Operator (‘NYISO’) and deregulation of power markets; to provide clear direction and communication relative to the policies applicable to energy and fuels risk management; and to delegate authority to the President and Chief Executive Officer, the Executive Vice President - Power Generation, and the Senior Vice President and Chief Financial Officer relative to energy and fuel risk management in line with best practices of risk control.

BACKGROUND

“This memorandum outlines the proposed delegation of authority to the President and Chief Executive Officer, the Executive Vice President - Power Generation, and the Senior Vice President and Chief Financial Officer relative to the supervision and management of the business and affairs of the Authority in the area of energy market risk management. The Trustees are requested to delegate to the President and Chief Executive Officer, the Executive Vice President - Power Generation, and the Senior Vice President and Chief Financial Officer the authority to approve energy, fuel, and hedging transactions, as described below. The Trustees are also asked to approve the attached Governing Policies (Exhibit ‘9-A’), as discussed below, which include additional delegations of approval authority relating to energy, fuel and hedging transactions.

“Price volatility has increased significantly under the NYISO regime, and because many Authority customers are serviced under fixed-price contracts, it is prudent to enter into financial transactions which will provide price protection and manage the risk of price volatility. In addition, the fuels markets exhibit significant volatility which can affect the cost of generating power at the Authority’s generating plants. Consequently, it is also prudent to enter into financial transactions which will provide price protection and manage the risk of fuel price volatility.

“To address market price volatility, financial instruments, such as contracts for differences, other swap agreements, swap options, calls, and puts, can be utilized. A contract for differences, which is one of the primary financial instruments being used in the power markets today, is a swap agreement whereby the entity purchasing the energy from the NYISO markets (the ‘purchaser’) would pay to the other party (the ‘Counterparty’) a fixed price per megawatt hour (‘MWH’) for a given number of MWHs for a given period of time. The Counterparty, in turn, would pay what is known as a ‘floating price’, based on the fluctuating NYISO market prices. The economic effect of this arrangement is that the purchaser is paying a fixed price for the NYISO market energy, and is not subject to the NYISO market price risk. That risk is borne by the Counterparty. A comparable swap agreement can be used in the case of a fuel transaction to obtain a fixed price for the fuel purchased in the open market.

“Other financial instruments are also available to provide protection. A call option is the financial equivalent of a firm fixed-price purchase of electric energy or fuel. In consideration for the payment of a premium, the call option would permit the Authority during a specified time period the option of purchasing energy or fuel at a specified price. It can be used to cap the exposure to price spikes. A put option is the financial equivalent of selling energy or fuel at a fixed price, which could be utilized when, for example, surplus energy or fuel is available.

“Under current Authority policies, the Vice President - Chief Risk Officer, by designation of the President and Chief Executive Officer, is the Responsible Officer responsible for risk management.¹ He is authorized to enter into physical or financial transactions relating to the purchase and sale of power and energy and to enter into financial transactions relating to the purchase and sale of fuel to meet the needs of the Authority, provided, however, that:

1. if the total cost of the financial instruments or the physical contract for the sale or purchase of power, energy, or fuel, as measured by the amount to be paid by one party to the other, is more than \$3 million and less than \$15 million, such transaction may be entered into only after consultation with at least two of the following: the President and Chief Executive Officer, the Senior Vice President and Chief Financial Officer, and/or the Executive Vice President, Secretary and General Counsel or their designee(s); and
2. if the total cost equals or exceeds \$15 million, authorization to enter into such financial or physical transactions may occur only after consultation with the Chairman, President and Chief Executive Officer, Senior Vice President and Chief Financial Officer, and Executive Vice President, Secretary and General Counsel or their designee(s), provided, further, that if bidding circumstances require a rapid determination by the Vice President - Chief Risk Officer (the current Responsible Officer) to secure the best bid, and not all the previously mentioned group members are available, then the Responsible Officer may proceed upon consultation with either the Chairman or the President and Chief Executive Officer and such other members of the group as are available.

“In regard to fuel transactions, the current Expenditure Authorization Policies and Procedures permit the President and Chief Executive Officer or the Chairman to approve fuel purchases having a value of up to \$20 million and the Senior Vice President - Marketing, Economic Development & Supply Planning or the Manager-Fossil Fuel Supply to approve fuel purchases having a value up to \$10 million.

“The attached Governing Policies recognize that the Authority is routinely exposed to energy - and fuel-price risk in the conduct of its operations and that new policies are required to address the operations of the NYISO and the exposure to more and varied market forces and associated risks. In most cases, price volatility imposes a substantial and direct risk (or opportunity) to the financial performance of the Authority’s business units, as well as to their competitive posture. Management of these risks will be important to the Authority’s success. The proposed Governing Policies deal with the philosophy, framework, and delegation of discretion necessary to govern the activities of the Authority related to its energy and fuel risk management program. The Authority will conduct risk

¹ Pursuant to the Trustees’ October 31, 2000 action, “the Senior Vice President-Marketing and Economic Development or such other officer designated by the President and Chief Executive Officer” is authorized to enter into the purchase and sale of power and energy and financial transactions related to such purchases and sales and fuels transactions, within specified limits. This authority was later transferred by the President and Chief Executive Officer to the Vice President-Chief Risk Officer.

management activities in a manner that supports the Authority's mission, mitigates energy - and fuel-price exposure, and prevents unauthorized financial risk.

DISCUSSION

"The Trustees are requested to delegate to the President and Chief Executive Officer and the Executive Vice President - Power Generation the authority to approve the following transactions:

Energy-Related Transactions: These transactions, include, but are not limited to, the physical purchase and sale of energy, capacity, and ancillary services.

Fuel-Related Transactions: These transactions include, but are not limited to, the physical purchase and sale of natural gas and oil.

"The Trustees are requested to delegate to the President and Chief Executive Officer and the Senior Vice President and Chief Financial Officer the authority to approve the following transactions:

Hedging Transactions: These transactions include, but are not limited to: swaps, puts, calls, swap options, covered call options, and contracts for differences, relating to energy, capacity, ancillary services, natural gas, and oil. These transactions shall also include the purchase of transmission congestion contracts in the NYISO markets.

The authority delegated herein shall be limited as follows:

(1) Fuel-Related Transactions – Neither the President and Chief Executive Officer nor the Executive Vice President - Power Generation shall have the authority to approve a transaction where the Authority shall pay or receive more than \$20 million or, in the case where the payment is based on other than a fixed price, where the Authority shall pay or receive more than \$20 million based on the staff's estimate of the payment to be made.

(2) Energy-Related Transactions – Neither the President and Chief Executive Officer nor the Executive Vice President - Power Generation shall have the authority to approve a physical purchase or sale of energy, capacity, or ancillary services, or other energy-related transactions, where the Authority shall pay or receive more than \$20 million for the commodity purchased or sold, or, if the payment is to be based on other than a fixed price, where it is estimated by the staff that the Authority would pay or receive more than \$20 million for the commodity purchased or sold.

"The limitations set forth above shall not apply to routine NYISO transactions, which shall remain under the authority and supervision of the Vice President - Energy Resource Management.

(3) Hedging Transactions – Neither the President and Chief Executive Officer nor the Senior Vice President and Chief Financial Officer shall have the authority to approve any purchase by the Authority of a put or call requiring a premium to be paid by the Authority of more than \$20 million. Neither the President and Chief Executive Officer nor the Senior Vice President and Chief Financial Officer shall have the authority to approve the sale by the Authority of a covered call option where the net amount to be paid or received by the Authority is estimated by the staff to be greater than \$20 million after factoring in the revenues derived from the sale of the energy being used to 'cover' the covered call option.

"Neither the President and Chief Executive Officer nor the Senior Vice President and Chief Financial Officer shall have the authority to approve a swap, including a contract for differences, or swap option where the amount to be paid by the Authority over the term of the transaction is estimated by the staff to be greater than \$20 million, based on the fixed price to be paid by the Authority.

"In the case of any other hedging transaction, neither the President and Chief Executive Officer nor the Senior Vice President and Chief Financial Officer shall have the authority to approve any transaction where the amount to be paid or received by the Authority over the term of the transaction is estimated by the staff to be greater than \$20 million.

“In cases where the President and Chief Executive Officer is of the view, based upon recommendations by the Vice President - Chief Risk Officer and/or other Authority officers, that a proposed transaction exceeding the above limits must be entered into on an expedited basis to protect the Authority from significant adverse financial consequences, the President and Chief Executive Officer shall be authorized to approve such transaction with the approval of the Chairman or in the absence or unavailability of the Chairman, and the Vice Chairman. If the President and Chief Executive Officer are not available, the Executive Vice President - Power Generation or the Senior Vice President and Chief Financial Officer, as the case may be, shall have the aforementioned authority relating to transactions within their scope of responsibility.

“The Trustees are also requested to approve the attached ‘Governing Policies for Energy Risk Management’. The Governing Policies deal with the philosophy, framework, and delegation of authority necessary to govern the activities of the Authority relating to its energy risk management program. The Governing Policies includes the following key elements:

1. a delegation of authority to specified officers and staff members to approve energy-related, fuel-related and hedging transactions within specified monetary and other limits, with any changes to such initial authorization set forth in the Governing Policies being subject to Trustee approval;
2. authorizes the President and Chief Executive Officer to establish risk management policies, subject to the approval of the Trustees;
3. creates the Energy Risk Management Committee which shall advise the President and Chief Executive Officer with respect to energy risk management activities and the formulation and implementation of policies, controls and procedures for energy risk management; and
4. requires an annual report to the Trustees regarding policies and procedures established by the President and Chief Executive Officer with the assistance of the Energy Risk Management Committee.

“The President and Chief Executive Officer and each officer and staff member authorized to approve transactions pursuant to the delegations granted herein would have the authority to effectuate such approved transactions (i.e., entering into a contract on behalf of the Authority) by their own action or by authorizing a designee to undertake such actions.

“The delegations that would be granted herein to the President and Chief Executive Officer and each officer and staff member relating to fuel transactions would supercede those Expenditure Authorization Procedures relating to natural gas and oil purchases.

RECOMMENDATION

“The Vice President - Chief Risk Officer recommends that the Trustees approve the ‘Governing Policies For Energy Risk Management’, attached hereto, and approve the delegation of authority to the President and Chief Executive Officer, the Executive Vice President - Power Generation, and the Senior Vice President and Chief Financial Officer, as discussed above.

“The Executive Vice President, Secretary and General Counsel, and I concur in the recommendation.”

Mr. Warmath presented the highlights of staff's recommendations to the Trustees, noting that the proposed action was originally presented to the Trustees in June of 2002 and was tabled at that time.

Chairman Ciminelli thanked Mr. Warmath for working with each of the Trustees to address their various concerns and to clarify the proposed action.

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

RESOLVED, That the President and Chief Executive Officer and the Executive Vice President - Power Generation are each hereby authorized to approve and enter into:

(1) energy-related transactions, including, but not limited to, the physical purchase and sale of energy, capacity, and ancillary services; and

(2) fuel-related transactions, including, but not limited to, the physical purchase and sale of natural gas, oil, and other distillate fuel; provided, however, that the authority granted herein shall be limited in accordance with restrictions set forth in the foregoing President and Chief Executive Officer's Report; and be it further

RESOLVED, That the President and Chief Executive Officer and the Senior Vice President and Chief Financial Officer are each authorized to approve and enter into:

(1) hedging transactions relating to energy- and fuel-related transactions, including, but not limited to, swaps, calls, puts, swap options, covered call options, and contracts for differences; provided, however, that the authority granted herein shall be limited in accordance with restrictions set forth in the foregoing President and Chief Executive Officer's Report; and be it further

RESOLVED, That the President and Chief Executive Officer, the Executive Vice President - Power Generation, and the Senior Vice President and Chief Financial Officer are each hereby authorized to enter agreements and to authorize their designees to enter into agreements to effectuate transactions approved by such officers pursuant to the foregoing Resolutions, including ISDA Master Agreements, and schedules and confirmations relating to such Master Agreements, having such terms and conditions as such officer or his designee deems necessary or advisable, subject to the approval of the form of such agreements by the Executive Vice President, Secretary and General Counsel or his designee; and be it further

RESOLVED, That the Vice President-Energy Resource Management shall continue to supervise NYISO transactions, and he or his designees shall continue to have authority to enter into NYISO transactions; and be it further

RESOLVED, That in cases where the President and Chief Executive Officer is of the view, based upon recommendations by the Vice President and Chief Risk Officer and/or other Authority officers, that a proposed transaction exceeding the limits set forth in the President and Chief Executive Officer's Report must be entered into on an expedited basis to protect the Authority from significant adverse financial consequences, the President and Chief Executive Officer shall be authorized to approve such transactions with the approval of the Chairman or in the absence or unavailability of the Chairman, the Vice Chairman; in the event that the President and Chief Executive Officer is not available, the Executive Vice President - Power Generation, in cases involving proposed energy - or fuel-related transactions, and the Senior Vice President and Chief Financial Officer, in cases involving hedging transactions, shall have the foregoing authority, and be it further

RESOLVED, That the "Governing Policies for Energy Risk Management" (the "Governing Policies") are hereby adopted in the form attached hereto as Exhibit "9-A"; and be it further

RESOLVED, That each officer or Authority employee granted transaction authority in the Governing Policies shall have the authority to effectuate such transactions through the actions of such officer or employee or his or her designee, including the execution of ISDA Master Agreements, and schedules and confirmations relating to such Master Agreements, having such terms and conditions as he or his designee deems necessary or advisable, subject to the approval of the form of such agreements by the Executive Vice President, Secretary and General Counsel or his designee; and be it further

RESOLVED, That Section 8.0 and Attachment D of the Authority's Expenditure Authorization Policies and Procedures are hereby superseded by the authorizations granted by the above Resolutions; and be it further

October 29, 2002

RESOLVED, That the Chairman, the President and Chief Executive Officer, the Executive Vice President - Power Generation, the Executive Vice President, Secretary and General Counsel, the Vice President - Energy Resource Management, the Senior Vice President and Chief Financial Officer, the Treasurer, the Deputy Treasurer, the Deputy Secretary, and all other officers of the Authority be, and each of them hereby is, authorized and directed, for and in the name and on behalf of the Authority, to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements and other documents, which they, or any of them, may deem necessary or advisable in order to effectuate the foregoing Resolutions.

**10. Amendment of Authority Rules and Regulations –
Notice of Final Adoption**

The Executive Vice President, Secretary President and Chief Executive Officer submitted the following report:

SUMMARY

“The Trustees are requested to authorize the Executive Vice President, Secretary and General Counsel, or his designee, to amend the Authority’s Rules and Regulations, 21 NYCRR 456 (1988) and 21 NYCRR 462 (1986), to reflect changes to the Authority’s address and contact information.

BACKGROUND

“A number of the Authority’s Rules and Regulations specify various addresses and contacts for the Authority which need to be updated to provide current and accurate information. These rules and regulations have been adopted by the Trustees over the years and pertain to miscellaneous aspects of the Authority’s business including, but not limited to, the issuance of certain declaratory rulings and the implementation of the New York State Personal Privacy Protection Law, N.Y. Pub. Off. Law §91 *et seq.*

“The Authority has commenced the routine administrative process of making the appropriate changes. On July 17, 2002, a Notice of Proposed Rule Making was published in the New York State Register, along with the text of the proposed rule provided in Exhibit ‘10-A’ attached hereto. No comments on the proposed rule making were received during the 45-day public comment period mandated by the State Administrative Procedures Act.

“In order to finalize these proposed changes, a Notice of Adoption including a certification of agency action needs to be filed with the Department of State and published in the State Register.

DISCUSSION

“It is appropriate for the Executive Vice President, Secretary and General Counsel to implement such technical amendments to the Authority’s Rules and Regulations as will accurately provide the public with notice as to which officers of the Authority are primarily responsible for effectuating the provisions of its regulations and as to where those individuals are located.

“The proposed changes will become effective upon filing.

RECOMMENDATION

“It is recommended that the Executive Vice President, Secretary and General Counsel be authorized to execute such technical amendments to the Authority’s Rules and Regulations as may be necessary or desirable and to publish such notices to that effect as may be required by statute or regulation.”

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

RESOLVED, That the Executive Vice President, Secretary and General Counsel, or his designee, be, and hereby is, authorized to execute such technical amendments to the Authority’s Rules and Regulations, 21 NYCRR 456 (1988) and 21 NYCRR 462 (1986), as may be necessary or desirable to reflect changes in the addresses or positions of appropriate Authority personnel and to publish such notices as may be required by statute or regulation to effectuate the foregoing.

11. Proposed Schedule of Trustees' Meetings in 2003

The Executive Vice President, Secretary and General Counsel submitted the following report:

The following schedule of regular meetings for the Authority for year 2003 is recommended:

<u>Date</u>	<u>Location</u>	<u>Time</u>
January 28, 2003 (Tuesday)	WPO	11:00 a.m.
February 25, 2003 (Tuesday)	WPO	11:00 a.m.
March 25, 2003 (Tuesday)	Albany	11:00 a.m.
April 22, 2003 (Tuesday) – Annual	WPO	11:00 a.m.
May 20, 2003 (Tuesday)	WPO	11:00 a.m.
June 24, 2003 (Tuesday)	Flynn	11:00 a.m.
July 29, 2003 (Tuesday)	TBD	11:00 a.m.
<u>No Meeting in August</u>		
September 23, 2003 (Tuesday)	Albany	11:00 a.m.
October 28, 2003 (Tuesday)	WPO	11:00 a.m.
November 25, 2003 (Tuesday)	NYC	11:00 a.m.
December 16, 2003 (Tuesday)	Albany	11:00 a.m.

RECOMMENDATION

"The President and Chief Executive Officer and I support the proposed schedule for the Authority's regular Trustees' Meetings for the year 2003, as set forth in the foregoing memorandum"

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

RESOLVED, That the schedule of regular Trustees' Meetings for the year 2003, as set forth in the foregoing report of the Executive Vice President, Secretary and General Counsel, be, and hereby is, approved.

12. Next Meeting

The next Regular Meeting of the Trustees will be held on **Tuesday, November 26, 2002, at 11:00 a.m., at the New York Office, 501 Seventh Avenue – 9th floor**, unless otherwise designated by the Chairman with the concurrence of the Trustees.

At this time, Chairman Ciminelli introduced Mr. McCarthy and congratulated him on his upcoming retirement and years of dedicated service to the Authority. Mr. McCarthy thanked the Chairman and presented each of the Trustees with a framed plaque of the Blenheim-Gilboa Power Project.

13. Closing

Upon motion made and seconded, the meeting was closed at 12:26 P.M.

A handwritten signature in black ink that reads "David E. Blabey". The signature is written in a cursive style with a long, sweeping tail on the letter "y".

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

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