

**MINUTES OF THE SPECIAL MEETING  
OF THE  
GOVERNANCE COMMITTEE**

**May 24, 2016**

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Minutes of the special meeting of the New York Power Authority's Governance Committee held, via video conference, at the Clarence D. Rappleyea Building, 123 Main Street, White Plains, New York, at approximately 8:30 a.m.

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

Trustee Anne M. Kress, Chairperson  
Chairman John R. Koelmel, Member  
Vice Chairman Eugene L. Nicandri, Member  
Trustee Anthony Picente, Jr., Member

**Also in attendance were:**

Tracy McKibben	Trustee
Gil Quiniones	President and Chief Executive Officer
Justin Driscoll	Executive Vice President and General Counsel
Edward Welz	Chief Operating Officer
Parija Soubhagya	Senior Vice President and Chief Risk Officer
Jill Anderson	Senior Vice President – Wholesale Commercial Operations
Jennifer Faulkner	Senior Vice President – Internal Audit
Kristine Pizzo	Senior Vice President – Human Resources
Karen Delince	Vice President and Corporate Secretary
Joseph Gryzlo	Vice President and Chief Ethics and Compliance Officer
Lorna Johnson	Senior Associate Corporate Secretary
Sheila Baughman	Senior Assistant Corporate Secretary
Peter Prunty	Director – Infrastructure
Jaiah Gottor	Lead Network Analyst – Infrastructure
Glen Martinez	Senior Network Analyst – Infrastructure

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

**Introduction**

***Acting Chairman Nicandri said Trustee Kress, Chairperson of the Committee, asked him to chair the meeting. He welcomed committee members, Trustee McKibben and Authority senior staff to the meeting and said the meeting had been duly noticed as required by the Open Meetings Law and called the meeting to order pursuant to Section B(4) of the Governance Committee Charter.***

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

Upon motion made by Chairperson Kress and seconded by Acting Chairman Nicandri, the Agenda for the meeting was adopted.

**DISCUSSION AGENDA:**

**2. Risk Management Activity Update**

Mr. Parija provided an update of the Risk Management activities to the Committee. He said as a result of the Risk Workshop Assessment, the participants changed the rating of some of the top risks.

The following risks were rated lower:

1. Critical Infrastructure Failure – several controls are already in place for this risk; therefore, the likelihood of a critical infrastructure failure has been reduced.

2. Catastrophic Events – the Authority has several controls in place to reduce the impact of this risk. In addition, in the past, the Operations team has shown adequate agility and technical expertise to manage such catastrophic events.

3. Attract and Sustain Qualified Workforce – Human Resources has a number of controls in motion to control this risk. In reviewing the statistics based on the external market as well as the Authority's internal turnover rates and vacancies, the gap between the vacancies and the turnover rate continue to show a downward trend.

The following risks were rated higher:

1. Workforce Health and Safety – although the Authority has several controls in place for this risk, it was rated higher because of the importance of safety to the Authority.

2. Regulatory/Legislative Environment – Because of several events in the past, the participants felt that it was necessary to raise this risk higher and be more proactive in terms of anticipating the legislative environment and seeing what the Authority can do to be better prepared for these events.

3. Commodity Market Volatility – this risk was raised in order to address the Authority’s preparedness to deal with market volatility. The Authority needs to develop a comprehensive framework to address commodity volatility risk as it influences its budget. PWC is working on this project and it is expected that this project will result in significant changes in the commodity hedging practices as well as the risk management program.

4. Disruptive Innovations – the Authority is well positioned to embrace changes in innovation technology which has been accelerating. A task force has been assigned to focus specifically on tracking disruptive innovations and technology in order to learn, not only how the Authority can adapt to these disruptive innovations, but also how it can be a leader in the technology landscape, going forward.

*In response to a question from Trustee McKibben, Mr. Parija said Commodity Market Volatility, Sustained Low Power Prices and Customer Energy Choices are enterprise level risks and, therefore, they all impact the Authority’s operations. Their impact and the controls to manage these risks crosses over different functions and departments.*

*In response to a question from Acting Chairman Nicandri, Mr. Parija said Enterprise Risk have processes in place to test potential catastrophic events and critical infrastructure failure. A Director of Business Resiliency has been hired to oversee the various exercises and scenario planning for catastrophic events so that the Authority can improve its resilience in managing these events.*

Ms. Faulkner said that Internal Audit have tested certain of the controls and strategies as part of the compliance audits that they are conducting. President

Quinones added that the Authority is undertaking several table-top simulation drills, for example, dam safety drill, as required by the Federal Energy Regulatory Commission (“FERC”). Also, the Authority recently conducted a table-top exercise on cyber security. As the Authority identifies risks, e.g. severe weather events, cyber security, physical security, pandemic and electromagnetic storms, going forward it will conduct drills to make sure its emergency management and response and business continuity plans continue to be robust.

*In response to a question from Trustee Picente, President Quinones said the table-top simulation drills, e.g. the dam safety exercises, include all external stakeholders – local officials and first responders that will be affected.*

*In response to comments by Chairman Koelmel, Acting Chairman Nicandri said in the past, the Board emphasized to the Operations division that it wanted employee health and safety at the forefront of the operational risks. Mr. Kessler acquiesced and said based on that direction, Operations started to observe the severity of the health and safety incidents and to report major incidents to the Board. He continued that the Authority has several controls in place to address the impacts of this risk and has engaged a consultant on human performance factors to provide training for the employees at the St. Lawrence facility. Mr. Welz added that the training will be rolled-out to the staff at all of NYPA’s facilities.*

#### Top Risk Assessment Process

Mr. Parija provided a synopsis of the Risk Assessment process. He said one of the goals of the risk assessment process was to engage a large cross-section of employees in the Authority. A survey on the different kinds of risks at the Authority was

sent to Authority staff members. A core team of cross-functional employees was selected to conduct a deep dive on each of the risks identified in order to identify mitigation strategies, as well as next steps, going forward.

- Operations department is pursuing a robust emergency management and business continuity plan and program that will impact cyber security, catastrophic and critical infrastructure risks.
- The energy commodity risk solution project, once completed, will positively impact commodity market volatility, sustain low prices, custom energy prices and hydro flows; and
- The human capital maturity model, once implemented, will impact multiple risks.

*In response to a question from Chairman Koelmel, Mr. Parija said once the Authority has a talented workforce in place it will be able to address all the other risks, including disruptive innovation.*

Mr. Parija continued that through the assessment process, an action plan regarding the additional steps to be taken for certain risks, going forward, have been generated.

Working with the sponsors and stakeholders, key risk indicators as a measure of tracking different risks and understanding how soon or when the Authority can react to or respond to certain risks, have been developed. They will continue to test this and modify the key risk indicators, going forward.

*In response to a question from Trustee McKibben, Ms. Pizzo said turnover, in terms of retirement, and vacancy rates are among the ten different measures being tracked in HR. They have created a system of promoting from within the organization –*



*turnover is happening at the mid or top level. This year HR will be working on a succession plan for the whole organization, not only retirements, but critical leadership positions and talent.*

*Chairman Koelmel suggested, and it was agreed that detailed reporting be provided to the Board on one risk per meeting so that the members can have a better understanding of the key action plans identified for addressing the top risks.*

Mr. Parija continued that ER has developed a scale for “Known Impact” and “Known Likelihood” for the risks previously mentioned. He said ER will continue to pursue the assessment of *secondary risks* for which the “impact” or “likelihood” of those risks are known and *emerging risks* where both the “impact” and the likelihood of those risks are unknown such as data management, natural geomagnetic disturbance and manmade electro-magnetic pulse.

#### Cyber Security

The results of the cyber security risk assessment were presented to the Board at the last meeting and there were three main action plans as a result of those risk assessments. To date, ER has been working with the Chief Operating Officer and the Acting Chief Information Officer to identify responsibilities, by function, for each of the action plans identified through the risk assessment process and continues to make progress towards achieving the goals that were set.

#### Reputational Risk

Mr. Parija continued that as a result of the cyber security risk assessment, the need to develop a comprehensive reputation risk management framework was suggested. Reputational risk is not an outcome of failing somewhere else but risk by

itself. Even if the organization does everything right it is still exposed to reputational risk. The Authority is among the few companies that are pursuing reputational risk as a separate risk. The Authority has defined its reputational risk and stakeholders and has a plan in place to implement the reputational risk framework within the next 180 days. The Senior Vice President of Communication is the sponsor for this risk and ER is working with him with regard to implementing the reputational risk management program.

In response to a question from Chairman Koelmel, Mr. Parija said reputational risk is identified as an emerging risk because ER does not have a full understanding about this risk as yet. This risk could become part of the top risks in the future.

*Chairperson Kress opined that the information on risk is critical for the Board; to that end she is suggesting that a workshop on risk management and the Authority's approach to risk management be given to the Trustees because it's critical information for the board. Chairman Koelmel agreed pointing out that it is a part of the Board's fiduciary responsibility to understand how risk is being managed and where the Board needs to focus.*

**3. Amendments to the Authority's By-laws**

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

**"SUMMARY**

The Governance Committee is requested to recommend the proposed amendments to the Authority's By-laws (Exhibit '3-A') to the Trustees. Deletions are shown by strikethroughs in brackets; additions are shown by bolded and underscored text. The final version of the proposed amended By-laws is attached as Exhibit '3-B.'

**BACKGROUND**

The Governance Committee Charter, Section C(1)(d) provides that the Committee recommend amendments to the Authority's By-laws to the Trustees and Article IX of the Authority's By-laws permits the Trustees to amend, alter or repeal any provision or provisions of the By-laws at any annual, regular or special meeting.

**DISCUSSION**

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

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

**FISCAL INFORMATION**

There is no anticipated fiscal impact.

**RECOMMENDATION**

The Governance Committee is requested to review the amendments to the By-laws (originally adopted on April 9, 1954, and last amended on May 24, 2016), attached hereto as Exhibit '3-A,' and, if appropriate, to recommend adoption by the full Board of Trustees at their meeting to be held on May 24, 2016."

Upon motion made by Authority Chairman Koelmel and seconded by Chairperson Kress, the recommendation for the amendments to the Authority's By-laws was unanimously approved by the Governance Committee.

4. **Committee Appointments**

The Authority's Chairman submitted the following report:

**"SUMMARY**

The Governance Committee is requested to review the committee appointments indicated below.

**BACKGROUND and DISCUSSION**

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

Audit Committee

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

Finance Committee

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

Governance Committee

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

Strategic Planning and Energy Policy Committee

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

**RECOMMENDATION**

The Governance Committee is requested to review the committee appointments as indicated above and, if appropriate, to recommend adoption by the full Board of Trustees at their meeting to be held on May 24, 2016."

*Authority Chairman Koelmel said an executive decision was made to populate every committee with all five members of the Board in order to better navigate some of the practical issues in terms of a quorum. The Authority now has a fully engaged Board at all levels.*

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

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

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

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

7. **Next Meeting**

Acting Chairman Nicandri said the next regular meeting of the Governance Committee is scheduled to be held on Tuesday, July 26, 2016 at a time to be determined.

**Closing**

Upon motion made and seconded, the meeting was adjourned by the Acting Chairman of the Committee at approximately 9:45 a.m.

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

Karen Delince  
Corporate Secretary



May 24, 2016

**EXHIBITS**

**For**

**May 24, 2016**

**Special Governance**

**Committee**

**Meeting Minutes**



# **Risk Management**

## **Enterprise & Operational Risk Activities**

**Soubhagya Parija**

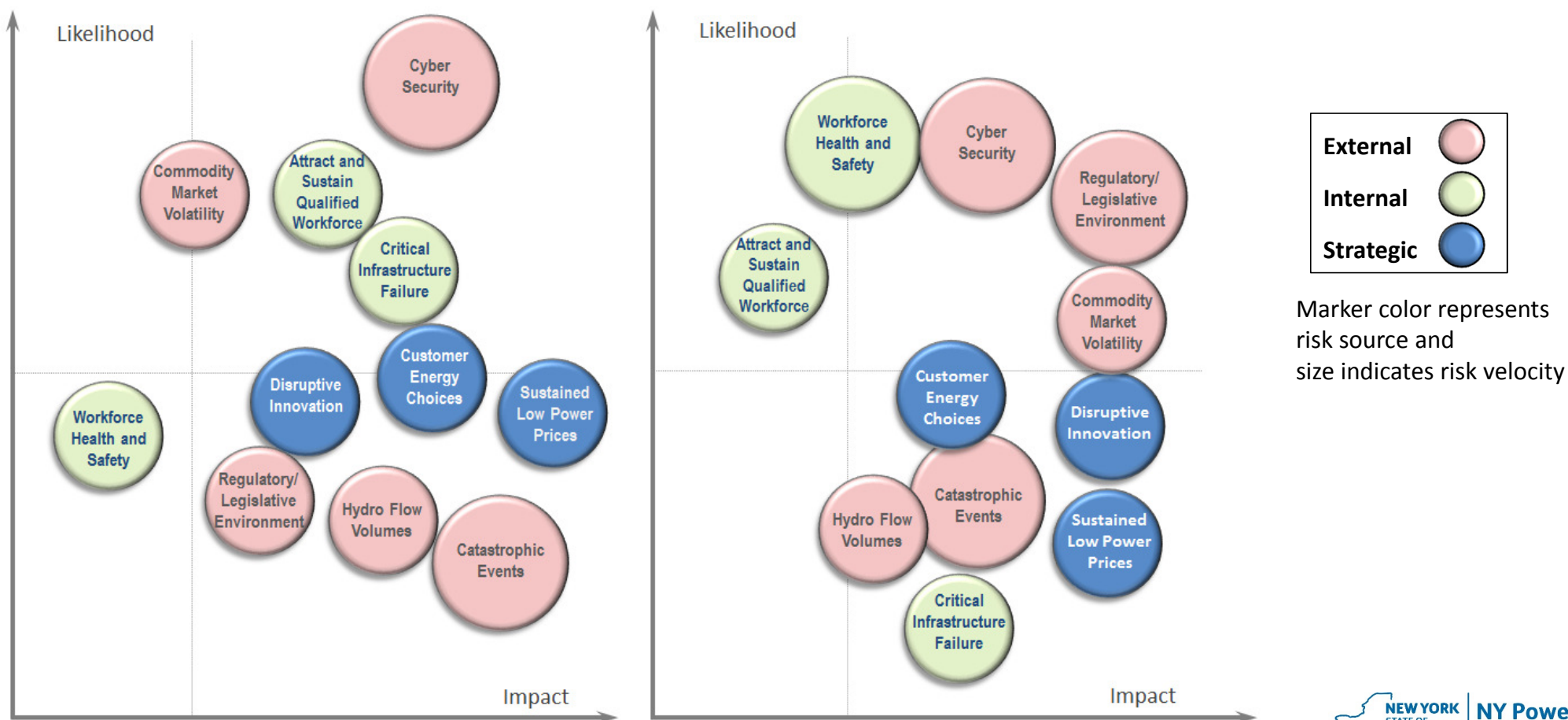
**Senior Vice President & Chief Risk Officer**

May 24, 2016

# Overview of Top Risks Workshop Assessments

2

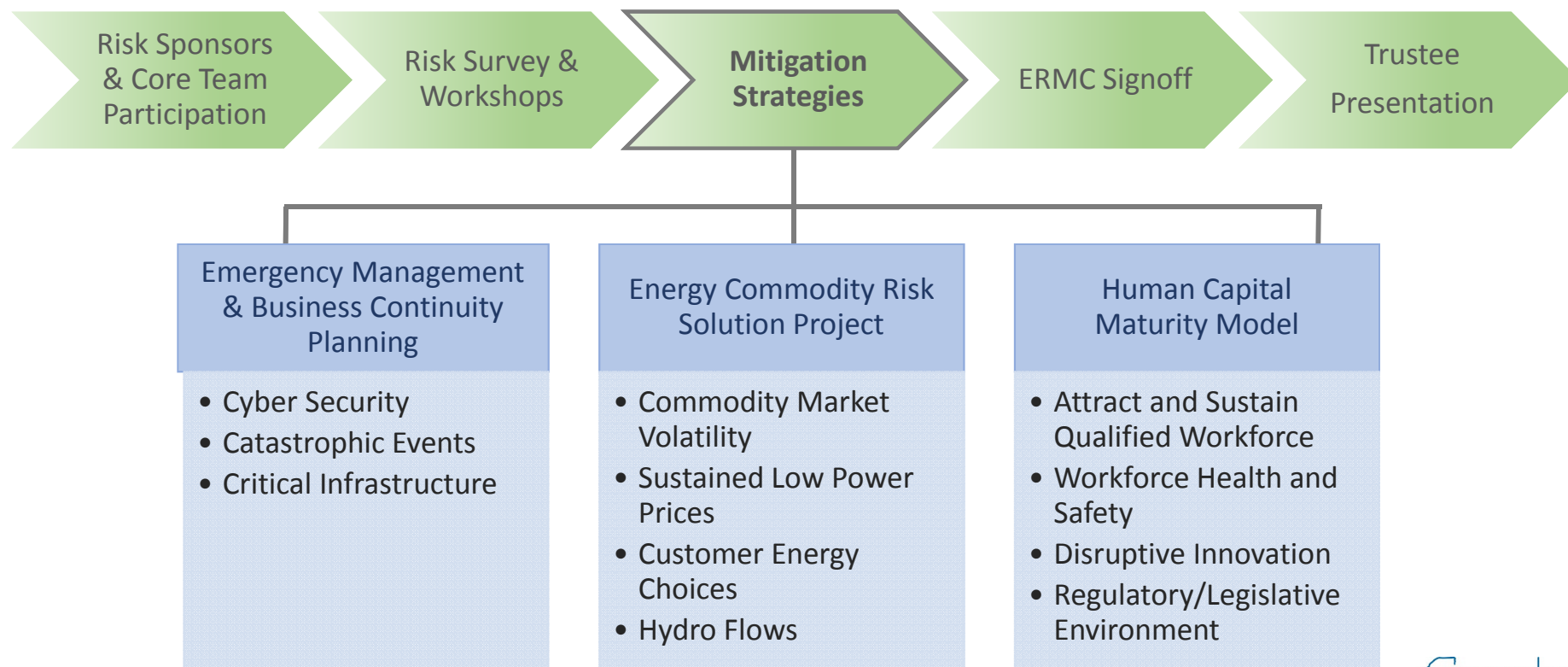
## Top Enterprise Risks: *Previous to Current*



## Risks Assessment Process

3

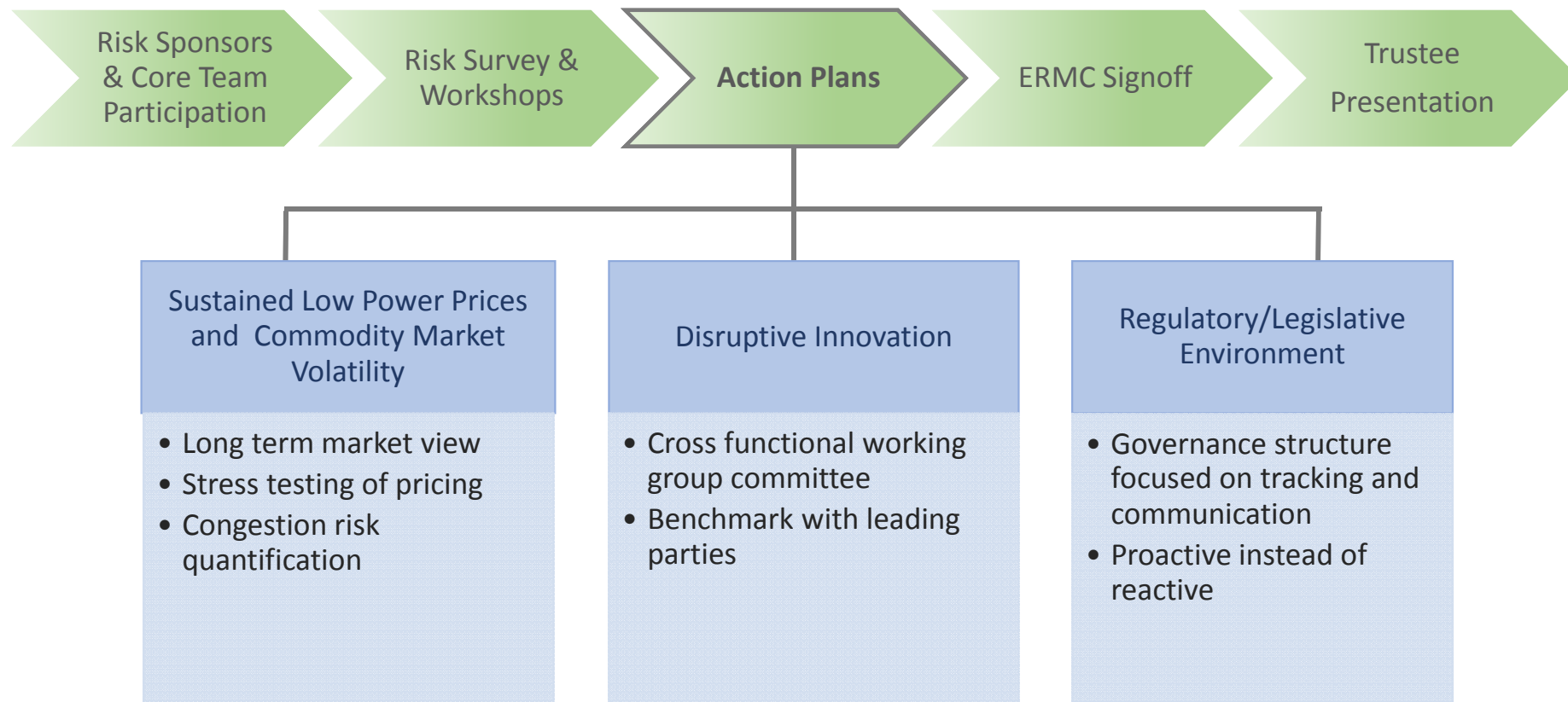
- Key mitigation strategies are being implemented to demonstrate NYPA's strong commitment to a robust risk culture
- These efforts mitigate existing and potential risks across several fronts



# Top Risks Assessment Process

4

- Key action plans identified addressing NYPA's Top Enterprise Risks



## Key Risk Indicators

5

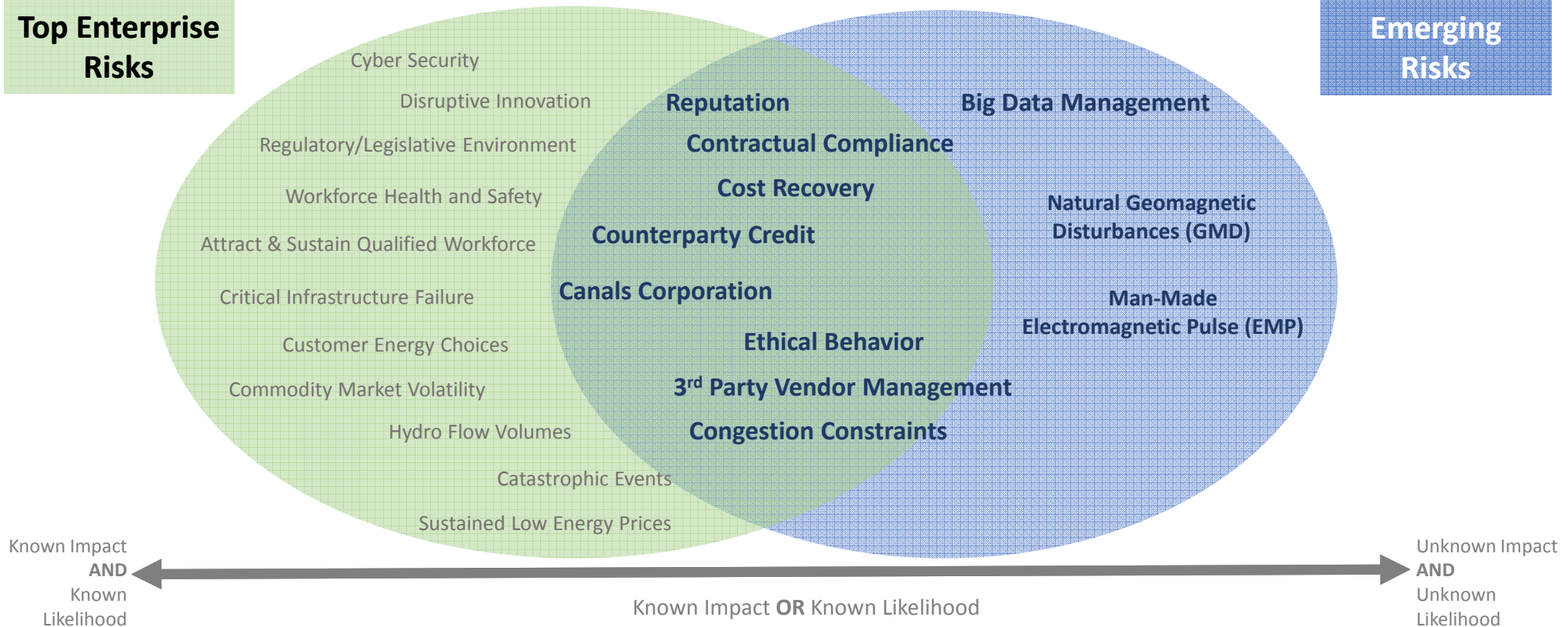
Top Enterprise Risks	Title
Cyber Security	<ul style="list-style-type: none"> <li>• Viruses Detected</li> <li>• Cyber Prevention Protection</li> </ul>
Workforce Health and Safety	<ul style="list-style-type: none"> <li>• Safety Walk Downs</li> <li>• Near Miss Reporting</li> </ul>
Regulatory/Legislative Environment	<ul style="list-style-type: none"> <li>• Federal Regulation/Legislation Potentially Impacting NYPA</li> </ul>
Commodity Market Volatility	<ul style="list-style-type: none"> <li>• NYC Governmental Customer Cost-of-Service Variance</li> </ul>
Hydro Flow Volumes	<ul style="list-style-type: none"> <li>• Hydro Flow Probability</li> <li>• Hydro Forecast Variance</li> </ul>
Attract and Sustain Qualified Workforce	<ul style="list-style-type: none"> <li>• Salaried Voluntary Turnovers vs. Vacancy Rate</li> </ul>
Critical Infrastructure Failure	<ul style="list-style-type: none"> <li>• Lost Market Revenue Resulting from Forced Outages</li> <li>• Tracking Critical Corrective Maintenance Hours</li> </ul>
Sustained Low Power Prices	<ul style="list-style-type: none"> <li>• 2017 Energy Prices Indexed to 2012 Pricing</li> <li>• 2017 Capacity Prices Indexed to 2012 Pricing</li> </ul>

# Emerging Risks: 5-Year Horizon

6

## Top Enterprise Risks

## Emerging Risks



- Conditions, situations or trends whose impact and likelihood are unknown due to lack of data
- Strategy, financial strength, competitive position and reputation could be impacted



# Cyber Security Risk



## Requires Clearly Defined Roles and Responsibilities

Cyber related event or activity that has a major impact on NYPA, impairs grid reliability, erodes public trust and/or compromises safety	Operations	Information Technology	Cyber	Business Services	Legal	Corporate Affairs	Human Resources	Risk Management	Expected Outcome
<b>Evaluate and improve recovery and public trust/reputation</b>									
Public trust / reputation risk management framework	C	C	C	C	I	C	C	A/R	Development of a risk management framework to address reputational risk. Integration of business continuity and emergency management program with enterprise level business resiliency.
Enterprise level business resiliency integration	R	C	C	I	I	I	I	A	
<b>Develop enterprise-wide cyber security governance and enhance foundational controls</b>									
*Enterprise level technology architecture	R	R	C	C	I	I	C	C	Establishment of governance policies, procedures and controls related to security architecture, and third party protocol.
*Enterprise level security architecture	C	C	R	C	I	I	C	C	
Third-party protocol	R	C	R	C	C	I	R	A	
Enterprise data classification and security	A/R	A/R	R	C	C	I	I	I	
<b>Key Risk and Performance Metrics</b>									
External and internal indicators of performance (KPIs and KRIs)	A	I	R	C	I	I	I	R	Development and establishment of metrics used to measure leading and lagging indicators

*\*Note: Cyber Organization is still under development, once completed an Accountable party will be assigned*

■ Complete ■ Outstanding

- **Responsible:** Those who do the work to achieve the task
- **Accountable:** The one answerable for the correct and through completion of the deliverable or task
- **Consulted:** Those whose opinions, feedback and inputs are sought
- **Informed:** Those who are kept up-to-date on progress

## People



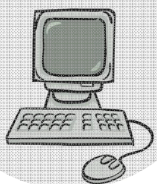
- Ongoing talent acquisition

## Process



- Strengthened governance process by establishing policy and framework
- Enhanced alignment between IT/OT/Cyber and strategic initiatives
- Established Enterprise Architecture group within IT
  - Critical Infrastructure Protection – CIPv5 implementation to complete by July 1
- Developing cloud standards through engagement of multiple stakeholders

## Technology



- Establishing a list of issues and corrective/mitigation actions to strengthen Cyber technology
  - Upgrade of Intrusion Detection/Prevention capability
  - Tools to detect, analyze and respond to cyber attacks
  - White Plains Office network redesign-improve resiliency, access control, network monitoring



# Reputational Risk

# Reputational Risk

11

- An event or activity that has a major impact on the value NYPA provides to New York State, stakeholder trust and perception of NYPA, and/or NYPA's ability to sustain and enhance its business viability



Key Stakeholders	Insights	Next Steps
<ul style="list-style-type: none"><li>• Customers</li><li>• Energy and Capital Markets</li><li>• Media</li><li>• NYPA</li><li>• Policy Makers</li><li>• Society</li></ul>	<ul style="list-style-type: none"><li>• Agreement on reputation as critical to how we deliver value to NY State</li><li>• Confidence in its ability to respond to crises based on experienced professionals with key relationships</li><li>• Desire to enhance already strong reputation</li><li>• Commitment to a more proactive reputation management strategy</li></ul>	<ul style="list-style-type: none"><li>• Enhance enterprise level governance and program</li><li>• Work plans to strengthen reputational resiliency</li><li>• Clarify, roles, responsibilities and accountability</li><li>• Operationalize Reputational Risk Management framework</li></ul>



# Appendix

- **Overall Engagement:**

- Cross functional participation including Senior level Leadership
  - Multiple risk workshops held averaging 11 participants per workshop
  - Over 60 respondents to Top Risk Survey

- **Strategic:**

- Sustained Low Energy Prices is a primary driver of net income whose impact and likelihood remained relatively unchanged
  - Current and/or pending mitigations/controls in place or being put in place to dampen negative impacts of this risk
- The Disruptive Innovation change was driven by an increase in impact.
  - Emphasis placed on this risk through the formation of a Disruptive Innovation Working Group focusing on identification, tracking and impact assessment

- **External:**

- Regulatory/Legislative risks are typically driven by external stakeholders
  - Canals Corporation demonstrates the magnitude of impact due to outside influences
- Cyber Security is still classified as a high level risk
  - Downward shift was due to upgrades in skills, processes, and technology

- **Internal:**

- Workforce Health & Safety continues to be a high priority for the Authority
  - Cross functional team input revealed greater insights

# Key Risk Indicators

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## Cybersecurity

External

### Risk Description

Cyber related event or activity that has a major impact on NYPA, impairs grid reliability, corrodes public trust and/or compromises safety

### Risk Activity/Highlights

- Completed reputational risk assessment facilitated by Risk Management and Deloitte.
- Integrating Emergency management across NYPA facilitated by Technical Compliance and Navigant.

### Risk Indicator 1: Viruses Detected

Updated: March 2016

Viruses identified and addressed on NYPA networked PC

March-16

67

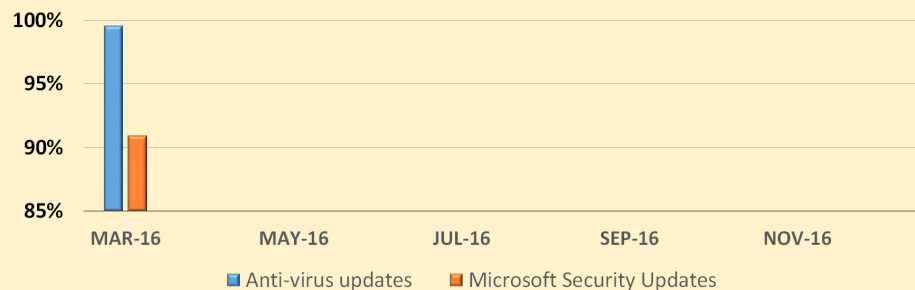
Average Month

67

Lower is Better

### Risk Indicator 2: Cyber Prevention Protection

Description: Software updates to keep NYPA assets protected against future threats



## Occupational Health and Workforce Safety

Internal

### Risk Description

Failure to ensure a safe and secure work environment

### Risk Activity/Highlights

- NYPA has a robust amount of controls, policies, job safety plans, training, protective equipment, programs and committees currently in place.
- Currently updating Health and Safety policies, procedures and training to ensure regulatory compliance and consistency across sites.
- Exploring opportunities to ensure contractor safety culture, fleet safety features and protecting/preventing workplace violence were identified as additional action plans.

### Risk Indicator 1: Safety Walk Downs

Updated: March 2016

Safety walk downs is an indicator to capture NYPA's efforts at incident prevention

YTD

35%

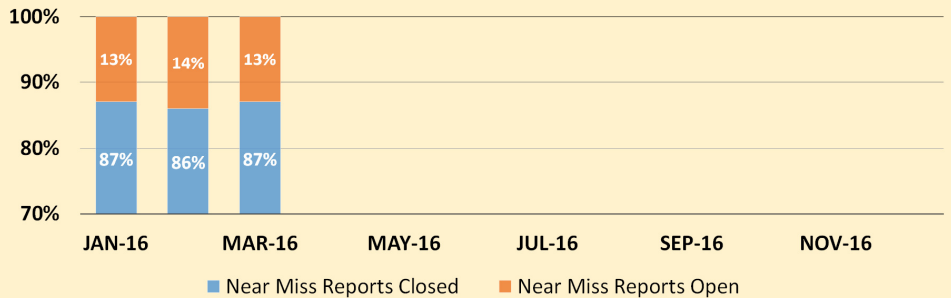
YTD Goal

25%

Higher is Better

### Risk Indicator 2: Near Miss Reporting

Description: An indicator to mitigate noted hazards to prevent them from escalating to more serious incidents



# Key Risk Indicators

15

## Regulatory/Legislative Environment

External

### Risk Description

Failure to anticipate and adequately respond to the adoption of statutes, regulations, standards and market rules that may impact NYPA's ability to fulfill its mission

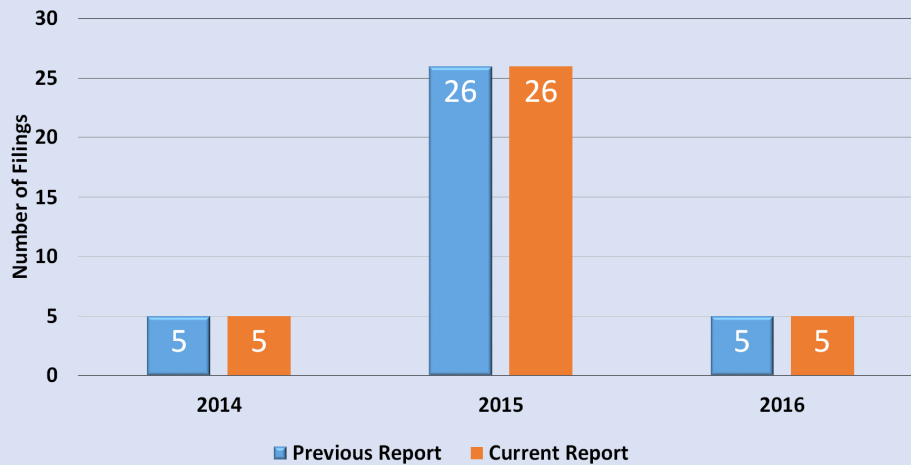
### Risk Activity/Highlights

- A focal point of discussion was the significant impact of Regulatory/ Legislative environment as well as second order effects on NYPA (e.g. Canal Corp).
- A governance structure will be established to track new laws and trends in an effort to improve the anticipation of future policy developments and, enhance internal communication.

### Risk Indicator 1: Federal Regulation/Legislation Potentially Impacting NYPA

Description: Measure tracks pending regulation/legislation

Updated: April 2016



## Commodity Market Volatility

External

### Risk Description

Inability to plan for, respond to and manage opportunities in energy market price volatility impacting the Authority's revenue and customers

### Risk Activity/Highlights

- Short term dynamic hedging alternatives and establishment/refinement of thresholds to respond to price signals are currently being developed.
- Long term hedging strategies and energy commodities risk solution is currently being facilitated by Risk Management and PWC.

### Risk Indicator 1: New York City Government Customer Cost-of-Service Variance

Updated: April 2016

Initial proposed Cost-of-Service compared to current projections

Initial Budget	\$354
Current Projections	\$337
Millions	

### Risk Indicator 2:

In-Development



# Key Risk Indicators

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Catastrophic Events <span>External</span>	
Risk Description	Risk Activity/Highlights
Severe events potentially disrupting reliability and availability of generation, transmission assets and/or the workforce	<ul style="list-style-type: none"> <li>Multiple policies, procedures, plans, drills, training and monitoring systems including communication with vendors, other utilities and local/regional government are in place.</li> <li>Revision and revitalization of the Emergency Management Program is in process and being facilitated by Technical Compliance and Navigant.</li> </ul>
Risk Indicator 1:	
In-Development	
Risk Indicator 2:	
In-Development	

Hydro Flow Volumes		External												
Risk Description	Risk Activity/Highlights													
Variability of hydro flows versus budget forecast may result in significant fluctuations in revenue from hydro generation	<ul style="list-style-type: none"><li>Improving probabilistic hydro forecasting model with the U.S. Army Corps of Engineers, Great Lakes Environmental Research Lab (GLERL) and Clarkson University.</li><li>Actively monitoring alternative water use proposals by Council of Great Lakes Governors.</li></ul>													
Risk Indicator 1: Hydro Flow Probability		Updated: April 2016												
Probability the actual hydro generation will be less than projected budget	Budget 2016	11%												
	Budget 2017	17%												
		Lower is Better												
Risk Indicator 2: Hydro Forecast Variance		Updated April 2016												
Description: Monitor changes of the hydro forecast from budget projections														
<table><caption>Hydro Forecast Variance Data (TWh)</caption><thead><tr><th>Year</th><th>Probable Range (Min-Max)</th><th>Official Budget</th><th>Current Forecast Mean</th></tr></thead><tbody><tr><td>2016</td><td>21.5 - 25.5</td><td>22.5</td><td>23.5</td></tr><tr><td>2017</td><td>21.5 - 26.5</td><td>23</td><td>24</td></tr></tbody></table>			Year	Probable Range (Min-Max)	Official Budget	Current Forecast Mean	2016	21.5 - 25.5	22.5	23.5	2017	21.5 - 26.5	23	24
Year	Probable Range (Min-Max)	Official Budget	Current Forecast Mean											
2016	21.5 - 25.5	22.5	23.5											
2017	21.5 - 26.5	23	24											
<div><div>Probable Range at Time of Budget</div><div>Official Budget</div><div>Current Forecast, Mean</div></div>														

# Key Risk Indicators

17

## Attract and Sustain Qualified Workforce

Internal

### Risk Description

Ability to attract and sustain a qualified and skilled workforce needed for core operations and strategic growth in a competitive market

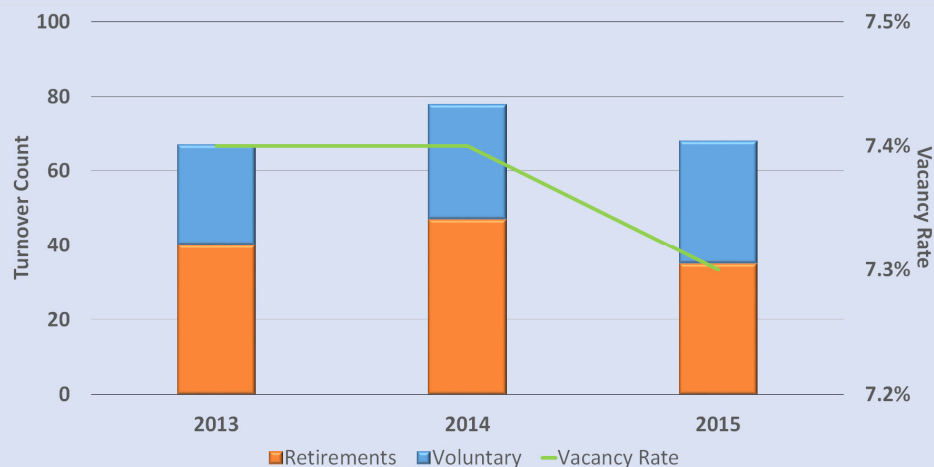
### Risk Activity/Highlights

- Human Resources is in the process of implementing a Human Capital Maturity Model which will drive to reshape the Authority into more high capacity, flexible, and effective organization.

### Risk Indicator 1: Salaried Voluntary Turnovers vs. Vacancy Rate

Description: Historic voluntary attrition and ability to fill open positions

Updated Annually



## Critical infrastructure Failure

Internal

### Risk Description

Failure of critical infrastructure leading to service disruption, injury, degradation of system reliability and/or significant loss of the Authority's revenue

### Risk Activity/Highlights

- Redundancy of major equipment, incident reporting, inspection and maintenance tracking, asset hardening evaluation, ice management, insurance, vendor selection/diversification process, performance testing and condition monitoring are some of the robust controls already in place.
- Strategic Asset Management Plan (SAMP) is in process and addresses asset life-cycle, reliability centered maintenance program and best practices.

### Risk Indicator 1: Lost Market Revenue Resulting from Forced Outages

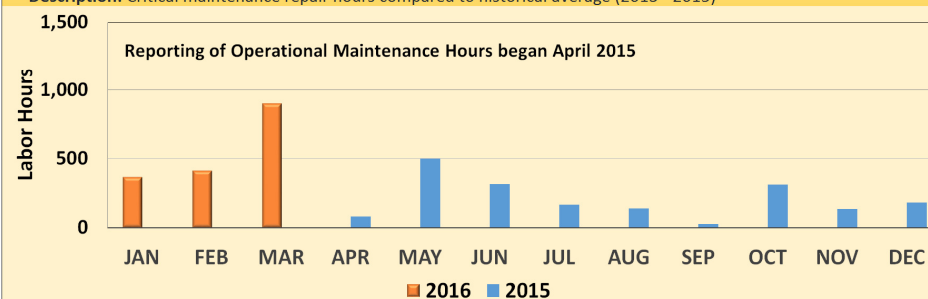
Updated March 2016

Financial market impact of forced outage events

YTD: Jan to Mar 2016	\$0.4
Historical: Comparable 3-Year Average	\$0.3
\$ in Millions	

### Risk Indicator 2: Tracking Critical Corrective Maintenance Hours

Description: Critical maintenance repair hours compared to historical average (2013 - 2015)



# Key Risk Indicators

18

## Sustained Low Power Prices

Strategic

### Risk Description

Inability to respond to sustained low power prices and adapt to changing customer perception of the competitive value we provide

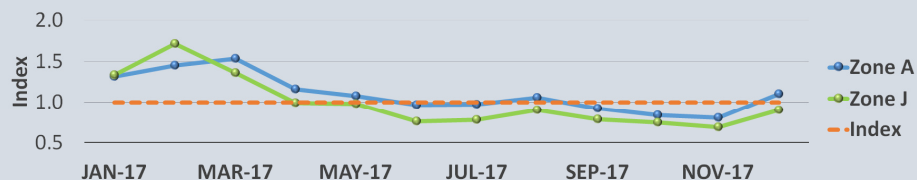
### Risk Activity/Highlights

- Sustained low power prices is a key risk impacting long term strategy for operations, value of energy efficiency and our customer offerings.
- Stress test potential impacts and our ability to respond.

### Risk Indicator 1: 2017 Energy Prices Indexed to 2012 pricing

Description: Values > 1.0 Indicate higher energy prices relative to 2012

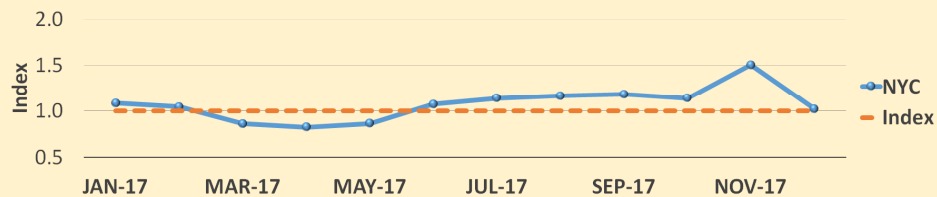
Market as of 4/22/2016



### Risk Indicator 2: 2017 Capacity Prices Indexed to 2012 pricing

Description: Values > 1.0 Indicate higher capacity prices relative to 2012

Capacity as of 4/7/2016



**EXHIBIT "A"**

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

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

Originally Adopted.....April 9, 1954,  
and amended.....July 28, 1954;  
September 28, 1956;  
May 1, 1961;  
December 19, 1966;  
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April 27, 1978;  
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January 22, 1985;  
October 29, 1985;  
April 29, 1986;  
February 28, 1989;  
February 22, 1994;  
April 26, 1994;  
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December 17, 1996;  
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December 15, 1998;  
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May 24, 2016

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

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

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## ARTICLE I – Offices

### **Section 1. Principal Office**

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

### **Section 2. Other Offices**

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

### **Section 3. Books And Records**

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

## ARTICLE II – Trustees

### **Section 1. Number, Term, Appointment And Vacancies**

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

### **Section 2. Powers And Duties**

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

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

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

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

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

## **ARTICLE III - Trustees' Meetings**

### **Section 1. General**

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

### **Section 2. Place Of Meetings**

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

### **Section 3. Videoconferencing Meetings**

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

### **Section 42. Annual Meeting**

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

### **Section 53. Regular Meetings**

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

### **Section 64. Special Meetings**



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

### **Section ~~75~~. Quorum**

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

## **ARTICLE IV –Officers**

### **Section 1. Officers**

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

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

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

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

### **Section 3. Term Of Office**

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

### **Section 4. Vacancies**

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

### **Section 5. Removal**

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

### **Section 6. Compensation of Officers**

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

### **Section 7. Powers And Duties**

#### **A. CHAIR**

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

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

## **B. VICE CHAIR**

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

## **C. ~~PRESIDENT AND~~ CHIEF EXECUTIVE OFFICER**

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

## **D. CHIEF ENGINEERING OPERATING OFFICER**

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

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

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

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

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

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

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

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

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

#### **FH. EXECUTIVE VICE PRESIDENT AND CHIEF FINANCIAL OFFICER**

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

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

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

#### **HJ. CORPORATE SECRETARY**

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



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

#### **IK. TREASURER**

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

#### **JL. CHIEF INTERNAL CONTROLLER OFFICER**

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

#### **KM. CHIEF VICE PRESIDENT – INTERNAL AUDITS OFFICER**

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

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

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

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

## **ARTICLE V – Committees**

### ***Section 1. Executive Management Committee***

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

### ***Section 2. Audit Committee***

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

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

### **Section 3. Governance Committee**

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

### **Section 4. Finance Committee**

The Trustees shall establish a Finance Committee to be comprised of not less than ~~shall consist of not less than three~~ independent members, appointed by the Trustees, who shall constitute a majority on the committee, and who ~~nor more than five members of the Board of Trustees. At least three members of the Committee shall be independent members of the Board of Trustees. All the members of the Finance Committee shall~~ possess the necessary skills to understand the duties and functions of the Finance Committee provided, however, that in the event that the Trustees have less than three independent members, the Trustees may appoint non-independent members to the Finance Committee, provided that the independent members must constitute a majority of the members of the Finance Committee. It shall be the responsibility of the Finance Committee to review proposals for the issuance of debt by the Authority and make appropriate recommendations to the ~~Board of~~ Trustees and perform such other responsibilities as the Trustees shall from time to time assign to it. The Finance Committee will meet prior to any debt issuance planned to be undertaken by the



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

### **Section 5. Strategic Planning and Energy Policy Committee**

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

### **Section 6. Other Committees**

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

## **ARTICLE VI - Corporate Seal**

### **Section 1. Seal**

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



## **ARTICLE VII - Fiscal Management**

### **Section 1. Fiscal Year**

The Trustees shall have the power to fix, and may, from time to time, change by resolution, the fiscal year of the Authority. Unless otherwise fixed by the Trustees, the calendar year shall be the fiscal year.

### **Section 2. Strategic Plan**

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

### ***Section 3. Annual Budgets***

The Trustees shall annually adopt and submit, as prescribed by the Public Authorities Law, an operation and maintenance budget and a capital budget for the Authority's operating facilities and support departments.

### ***Section 4. Capital Expenditure Plan***

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

### ***Section 5. Expenditure Authorization Procedures***

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

### ***Section 6. Disbursement Of Funds***

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

## **ARTICLE VIII - Execution of Instruments**

### ***Section 1. Execution Of Instruments***

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

## **ARTICLE IX – Amendment**

### ***Section 1. Amendment***

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

## **ARTICLE X – Miscellaneous**

### ***Section 1. Additional Appointments***

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

### ***Section 2. Annual Reports***

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

### ***Section 3. Defense And Indemnification Of Trustees And Employees***

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

### ***Section 4. Authority Policies And Procedures***

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

**EXHIBIT “B”**

May 24, 2016

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

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

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

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

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## **ARTICLE I – Offices**

### ***Section 1. Principal Office***

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

### ***Section 2. Other Offices***

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

### ***Section 3. Books And Records***

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

## **ARTICLE II – Trustees**

### ***Section 1. Number, Term, Appointment And Vacancies***

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

### ***Section 2. Powers And Duties***

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

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



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

## **ARTICLE III - Trustees' Meetings**

### ***Section 1. General***

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

### ***Section 2. Place Of Meetings***

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

### ***Section 3. Videoconferencing Meetings***

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

### ***Section 4. Annual Meeting***

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

### ***Section 5. Regular Meetings***

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

### ***Section 6. Special Meetings***

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

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

### ***Section 7. Quorum***

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

## **ARTICLE IV –Officers**

### ***Section 1. Officers***

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

### ***Section 2. Appointment Of Officers***

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

### ***Section 3. Term Of Office***

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

### ***Section 4. Vacancies***

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

### ***Section 5. Removal***

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

## ***Section 6. Compensation of Officers***

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

## ***Section 7. Powers And Duties***

### ***A. CHAIR***

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

### ***B. VICE CHAIR***

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

### ***C. CHIEF EXECUTIVE OFFICER***

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

#### ***D. CHIEF ENGINEERING OFFICER***

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

#### ***E. CHIEF LEGAL OFFICER***

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

#### ***F. CHIEF FINANCIAL OFFICER***

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

#### ***G. CHIEF MARKETING OFFICER***

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

#### ***H. CORPORATE SECRETARY***

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

#### ***I. TREASURER***

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

#### ***J. CHIEF INTERNAL CONTROL OFFICER***

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

#### ***K. CHIEF INTERNAL AUDIT OFFICER***

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

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

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

## **ARTICLE V – Committees**

### ***Section 1. Executive Management Committee***

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

### ***Section 2. Audit Committee***

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

### ***Section 3. Governance Committee***

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

members must constitute a majority of the members of the Governance Committee. It shall be the responsibility of the members of the Governance Committee, among other duties to keep the Trustees informed of current best governance practices; to review corporate governance trends; to recommend updates to the Authority's corporate governance principles; to review special investigations and whistleblower policies; to advise appointing authorities on the skills and experience required of potential Trustees; to examine ethical and conflict of interest issues; to perform Trustee self-evaluations; and to recommend By-laws which include rules and procedures for conduct of Trustee business. The Governance Committee will meet a minimum of twice a year; with the exception that additional meetings may be required to adequately fulfill all the required obligations and duties.

#### ***Section 4. Finance Committee***

The Trustees shall establish a Finance Committee to be comprised of not less than three independent members, appointed by the Trustees, who shall constitute a majority on the committee, and who shall possess the necessary skills to understand the duties and functions of the Finance Committee provided, however, that in the event that the Trustees have less than three independent members, the Trustees may appoint non-independent members to the Finance Committee, provided that the independent members must constitute a majority of the members of the Finance Committee. It shall be the responsibility of the Finance Committee to review proposals for the issuance of debt by the Authority and make appropriate recommendations to the Trustees and perform such other responsibilities as the Trustees shall from time to time assign to it. The Finance Committee will meet prior to any debt issuance planned to be undertaken by the Authority, as well at such times deemed advisable by the chair, at minimum once a year.

#### ***Section 5. Strategic Planning and Energy Policy Committee***

The Strategic Planning and Energy Policy Committee shall consist of not less than three independent members, appointed by the Trustees. It shall be the responsibility of the Strategic Planning and Energy Policy Committee to review the Authority's mission and develop, at least annually, a strategic vision for the Authority, with emphasis on its future goals, projects and overall direction.

#### ***Section 6. Other Committees***

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

### **ARTICLE VI - Corporate Seal**

#### ***Section 1. Seal***

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



## **ARTICLE VII - Fiscal Management**

### ***Section 1. Fiscal Year***

The Trustees shall have the power to fix, and may, from time to time, change by resolution, the fiscal year of the Authority. Unless otherwise fixed by the Trustees, the calendar year shall be the fiscal year.

### ***Section 2. Strategic Plan***

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

### ***Section 3. Annual Budgets***

The Trustees shall annually adopt and submit, as prescribed by the Public Authorities Law, an operation and maintenance budget and a capital budget for the Authority's operating facilities and support departments.

### ***Section 4. Capital Expenditure Plan***

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

### ***Section 5. Expenditure Authorization Procedures***

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



## ***Section 6. Disbursement Of Funds***

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

## **ARTICLE VIII - Execution of Instruments**

### ***Section 1. Execution Of Instruments***

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

## **ARTICLE IX – Amendment**

### ***Section 1. Amendment***

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

## **ARTICLE X – Miscellaneous**

### ***Section 1. Additional Appointments***

The Executive Vice President and Chief Operating Officer shall appoint all regional managers.

### ***Section 2. Annual Reports***

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

its operations and transactions, as required by Section 1002(2) of Public Authorities Law.

### ***Section 3. Defense And Indemnification Of Trustees And Employees***

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

### ***Section 4. Authority Policies And Procedures***

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