



**MINUTES OF THE JOINT MEETING
OF THE FINANCE COMMITTEE
March 23, 2020**

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Minutes of the joint meeting of the New York Power Authority and Canal Corporation's Finance Committee held via videoconference at approximately 9:00 a.m.

Members of the Finance Committee present were:

Tracy B. McKibben - Chair
John R. Koelmel
Eugene Nicandri
Dennis Trainor
Michael Balboni
Anthony Picente, Jr.

Also in attendance were:

Gil Quiniones	President and Chief Executive Officer
Justin Driscoll	Executive Vice President and General Counsel
Adam Barsky	Executive Vice President and Chief Financial Officer
Joseph Kessler	Executive Vice President and Chief Operations Officer
Kristine Pizzo	Executive Vice President and Chief Human Resources & Administrative Officer
Sarah Salati	Executive Vice President and Chief Commercial Officer
Lee Garza	Senior Vice President – Financial Operations
Angela Gonzalez	Senior Vice President – Internal Audit
Keith Hayes	Senior Vice President – Clean Energy Solutions
Yves Noel	Senior Vice President – Strategy and Corporate Development
Soubhagya Parija	Senior Vice President and Chief Risk Officer
Robert Piascik	Senior Vice President and Chief Information Officer
Karen Delince	Vice President and Corporate Secretary
Daniella Piper	Vice President – Digital Transformation / Chief of Staff
John Canale	Vice President – Strategic Supply Management
Joseph Leary	Vice President – Community and Government Relations
Patricia Lombardi	Vice President – Project Manager
Anne Reasoner	Vice President – Budgets & Business Controls
Ethan Riegelhaupt	Vice President – Corporate Communications
Scott Tetenman	Vice President – Finance
Thakur Sundeep	Controller
Christina Reynolds	Treasurer
Susan Craig	Director – Media Relations
Kerri Ahern	Manager – Customer Digital Experience
Jesse Scott	Manager – Key Account Management
Christopher Vitale	Senior Finance Project Manager
Eric Park	Lead Program Engineer I – Energy Efficiency
Melinda Li	Principal Attorney I – Finance & Bonds
Lorna Johnson	Senior Associate Corporate Secretary
Sheila Quatrocci	Associate Corporate Secretary
Michele Stockwell	Project Coordinator – Executive Office
Lori DeMichele	Board Travel Specialist

Chairperson Tracy McKibben presided over the meeting. Corporate Secretary Delince kept the Minutes.

Introduction

Chairperson Tracy McKibben welcomed committee members and the Authority's senior staff to the meeting. She said that 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 Finance Committee Charter.

1. **Adoption of the March 23, 2020 Proposed Special Meeting Agenda**

On motion made by member John Koelmel and seconded by member Dennis Trainor the agenda for the meeting was adopted.

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

Mr. Chairman, I move that the Committee conduct an executive session to discuss the financial and credit history of a particular corporation and matters regarding public safety and security. On motion made by member Eugene Nicandri and seconded by member John Koelmel, the members conducted and executive session.

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

I move that the meeting resume in open session. On motion made by member Dennis Trainor and seconded by member Michael Balboni, the meeting resumed in open session.

4. DISCUSSION AGENDA

a. Information Technology

i. Core IT Infrastructure LEM Program – Capital Expenditure Authorization

The President and Chief Executive Officer submitted the following report:

“SUMMARY

The Trustees will be requested at their March 31, 2020 meeting to approve a capital expenditure authorization request of \$18,267,534 for the Core Information Technology Infrastructure Life Extension and Modernization ('Core IT Infrastructure LEM Program') Program. The Core IT Infrastructure LEM Program is designed to support the implementation, lifecycle and modernization of the existing End-of-Life and End-of-Service IT infrastructure.

The request represents the projected expenditures for the Core IT Infrastructure LEM Program over the period from 2020-2023. The Authority's 2020 Budget includes approximately \$4,238,284 for the Core IT Infrastructure LEM Program.

The Finance Committee is requested to recommend to the Trustees the approval of the capital expenditure authorization request of \$18,267,534 for the Core IT Infrastructure LEM Program.

BACKGROUND

In accordance with the Authority's Capital Planning and Budget Procedures, capital expenditures in excess of \$6 million require the Trustees' approval.

The Authority's Information Technology department ('NYPA IT') previously outlined to the Trustees' a comprehensive multi-year strategy to support the Authority's top priorities and initiatives enabling the Authority's digital transformation. As part of the multi-year strategy, NYPA IT has re-organized its previously identified core programs to sufficiently account for changes in priorities and to more accurately align to ongoing enterprise strategies as it moves into the future. The goals of the strategy and the eight new programs, including the Core IT Infrastructure LEM Program, are described in more detail in Exhibit '4a i-A.'

In 2019, NYPA IT focused on the acceleration of the enterprise's compute and storage program, and its related critical infrastructure components. This effort provided the modern technological foundation and capacity for NYPA to avail itself of leading and bleeding edge solutions required by its digital transformation strategy for 2020 and beyond. In May 2019, the Trustees approved expenditures of \$34,020,924 for the Compute-Storage Program. The Compute-Storage Program is currently on budget and expected to be completed in 2020. In 2018, the Trustees approved expenditures of \$8,463,609 for the Cyber Program for 2019. The Cyber Program for 2019 was successfully completed within budget.

The Core IT Infrastructure LEM Program is one of four IT-related capital expenditure authorization requests that will be presented to the Trustees at their March 31, 2020 meeting. No contract awards are being requested at this time. Any future contract requests associated with this program will be in accordance with the Authority's Expenditure Authorization Procedures.

DISCUSSION

The Core IT Infrastructure LEM Program is focused on the procurement and implementation and replacement of essential technology infrastructure including wired and wireless networking, mobile workstations, peripherals, data center infrastructure and platforms, telephony, Virtual Private Network

('VPN'), bandwidth and cloud connectivity. This includes the upgrade of End-of-Life and End-of-Service components, the acquisition of new capabilities, and continued alignment to organizational strategy.

The Core IT Infrastructure LEM Program will include, but not be limited to, Work Packages in the areas of:

- Network Switch Replacements: Replacement of End-of-Life switches.
- Load Balancer Upgrade: Upgrade End-of-Life F5 Load Balancer.
- WPO Data Center HVAC Upgrade/Replace: Replace current End-of-Life HVAC system.
- Environmental Sensor Replacement for WPO and E2C2 Data Centers: Installation of new environmental monitoring solution.
- Data Center Infrastructure Management System ('DCIM'): Deployment of DCIM tool.
- Phone System Upgrade: Upgrade NYPA's phone system.
- Blenheim-Gilboa ('B-G') Visitors Center Renovation: Create new network environment for the B-G Visitors Center.
- Video surveillance deployment for WPO and E2C2 Data Centers: This will allow remote monitoring and management.
- Printer Equipment Replacement: Replacement of End-of-Life network printers.

The current capital expenditure authorization request for the Core IT Infrastructure LEM Program is based on projected expenditures for the 2020-2023 period. The Core IT Infrastructure LEM Program will involve engineering design, new hardware and software, installation and testing.

The major components of the funding for the Core IT Infrastructure LEM Program are as follows:

• Procurement	\$ 8,179,208
• Construction/Installation	\$ 7,055,675
• Internal Labor	\$ 2,162,769
• HQ Overhead	<u>\$ 869,882</u>
Total	<u>\$ 18,267,534</u>

While the capital expenditure authorization request is for the full amount, any expenses deemed to be operating expenses under applicable accounting standards would be funded from the Authority's operating funds.

FISCAL INFORMATION

The projected expenditures in 2020 for the Core IT Infrastructure Program were included in the Authority's 2020 Budget. Payments associated with the Core IT Infrastructure Program will be made from the Capital Fund, to the extent properly capitalized or capitalizable, and from operating funds.

RECOMMENDATION

It is requested that the Finance Committee recommend that the Trustees approve capital expenditures in the amount of \$18,267,534 for the Core Information Technology Infrastructure Life Extension and Modernization Program.

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

On motion made by member John Koelmel and seconded by member Michael Balboni, the following resolution, as recommended by the President and Chief Executive Officer, was unanimously adopted.

RESOLVED, That the Finance Committee recommends that the Trustees authorize capital expenditures in the amount of \$18,267,534 for the Core Information Technology (“IT”) Infrastructure Life Extension and Modernization (“LEM”) Program.

<u>Capital</u>	<u>Expenditure Authorization</u>
Core IT Infrastructure LEM Program	<u>\$ 18,267,534</u>

ii. Common Application LEM Program – Capital Expenditure Authorization Request

The President and Chief Executive Officer submitted the following report:

“SUMMARY

The Trustees will be requested at their March 31, 2020 meeting to approve a capital expenditure authorization request of \$18,978,307 for the Common Application Life Extension and Modernization Program ('Common Application LEM Program'). The Common Application LEM Program is designed to support the implementation, lifecycle and modernization of the existing portfolio of business application systems.

The request represents the total cost for the four-year 2020-2023 Common Application LEM Program. The Authority's Approved 2020 Budget includes \$4,403,192 for the Common Application LEM Program.

The Finance Committee is requested to recommend to the Trustees the approval of the capital expenditure authorization request of \$18,978,307 for the Common Application LEM Program.

BACKGROUND

In accordance with the Authority's Capital Planning and Budget Procedures, capital expenditures in excess of \$6 million require the Trustees' approval.

The Authority's Information Technology department ('NYPA IT') previously outlined to the Trustees' a comprehensive multi-year strategy to support the Authority's top priorities and initiatives enabling the Authority's digital transformation. As part of the multi-year strategy, NYPA IT has reorganized its previously identified core programs to sufficiently account for changes in priorities and to more accurately align to ongoing enterprise strategies as it moves into the future. The goals of the strategy and the eight new programs, including the Common Application LEM Program, are described in more detail in Exhibit '4a ii-A.'

In 2019, NYPA IT focused on the acceleration of the enterprise's compute and storage program, and its related critical infrastructure components. This effort provided the modern technological foundation and capacity for NYPA to avail itself of leading and bleeding edge solutions required by its digital transformation strategy for 2020 and beyond. In May 2019, the Trustees approved expenditures of \$34,020,924 for the Compute-Storage Program. The Compute-Storage Program is currently on budget and expected to be completed in 2020. In 2018, the Trustees approved expenditures of \$8,463,609 for the Cyber Program for 2019. The Cyber Program for 2019 was successfully completed within budget.

The Common Application LEM Program is one of four IT-related capital expenditure authorization requests that will be presented to the Trustees at their March 31, 2020 meeting. No contract awards are being requested at this time. Any future contract requests associated with this program will be in accordance with the Authority's Expenditure Authorization Procedures.

DISCUSSION

The Common Application LEM Program is focused on the assessment, procurement and implementation of essential operating system, middleware and database systems that are key to the operation of NYPA's business applications. This includes the upgrade of End-of-Life and End-of-Service components, the acquisition of new capabilities, and continued alignment to organizational strategy.

The Common Application LEM Program will include, but not be limited to, Work Packages in the areas of:

- Live Data Servers Upgrade: Virtualize Live Data servers.
- SQL 2012 Upgrade: Migrate systems to a currently supported version.
- Win2008 Remediation: Migrate systems running on End-of-Life Windows 2008 to a current Windows Server OS.
- Sitecore Migration: Migrate Sitecore platform to the Cloud to support the Move to the Cloud program.
- Integration Bus Upgrade: Upgrade firmware to fix bugs and maintain support; add new security features, Cloud and third-party integration.
- Integration Gateway Firmware Upgrade: Upgrade appliance firmware and keep vendor support.
- Niagara Applications Consolidation: Migration of application hosted on servers located in Niagara to servers in WPO and update underlying technology.
- Self Service Desktop Software Implementation: Deploy system for users to self-service the installation of MS Project, MS Visio, PDF Converter, etc.

The current capital expenditure authorization request is based on projected expenditures for the 2020-2023 period. The Common Application LEM Program will involve engineering design, new hardware and software, installation and testing.

The major components of the funding for the Common Application LEM Program are as follows:

• Procurement	\$ 6,616,042
• Construction/Installation	\$ 10,127,604
• Internal Labor	\$ 1,330,932
• HQ Overhead	\$ <u>903,729</u>
Total	\$ <u>18,978,307</u>

While the capital expenditure authorization request is for the full amount, any expenses deemed to be operating expenses under applicable accounting standards would be funded from the Authority's operating funds.

FISCAL INFORMATION

The projected expenditures in 2020 for the Common Application LEM Program were included in the Authority's 2020 Budget. Payments associated with the Common Application LEM Program will be made from the Capital Fund, to the extent properly capitalized or capitalizable, and from operating funds.

RECOMMENDATION

It is requested that the Finance Committee recommend that the Trustees approve the Capital Expenditure Authorization Request for \$18,978,307 for the Common Application Life Extension & Modernization Program.

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

On motion made by member John Koelmel and seconded by member Michael Balboni, the following resolution, as recommended by the President and Chief Executive Officer, was unanimously adopted.

RESOLVED, That the Finance Committee recommends that the Trustees authorize capital expenditures in the amount of \$18,978,307 for the Common Application LEM Program.

<u>Capital</u>	<u>Expenditure Authorization</u>
Common Application LEM Program	<u>\$ 18,978,307</u>

iii. Cyber Resilience Program – Capital Expenditure Authorization

The President and Chief Executive Officer submitted the following report:

“SUMMARY

The Trustees will be requested at their March 31, 2020 meeting to approve a capital expenditure authorization request of \$30,640,958 for the Cyber Resilience Program. The Cyber Resilience Program is designed to support the implementation, lifecycle and modernization of the existing portfolio of cyber protection and detection systems.

The request represents the projected expenditures for the Cyber Resilience Program over the period from 2020-2023. The Authority’s 2020 Budget includes approximately \$7,109,065 for the Cyber Resilience Program.

The Finance Committee is requested to recommend to the Trustees the approval of the capital expenditure authorization request of \$30,640,958 for the Cyber Resilience Program.

BACKGROUND

In accordance with the Authority’s Capital Planning and Budget Procedures, capital expenditures in excess of \$6 million require the Trustees’ approval.

The Authority’s Information Technology department (‘NYPA IT’) previously outlined to the Trustees’ a comprehensive multi-year strategy to support the Authority’s top priorities and initiatives enabling the Authority’s digital transformation. As part of the multi-year strategy, NYPA IT has re-organized its previously identified core programs to sufficiently account for changes in priorities and to more accurately align to ongoing enterprise strategies as it moves into the future. The goals of the strategy and the eight new programs, including the Cyber Resilience Program, are described in more detail in Exhibit ‘4a iii-A.’

In 2019, NYPA IT focused on the acceleration of the enterprise compute and storage program, and its related critical infrastructure components. This effort provided the modern technological foundation and capacity for NYPA to avail itself of leading and bleeding edge solutions required by its digital transformation strategy for 2020 and beyond. In May 2019, the Trustees approved expenditures of \$34,020,924 for the Compute-Storage Program. The Compute-Storage Program is currently on budget and expected to be completed in 2020. In 2018, the Trustees approved expenditures of \$8,463,609 for the Cyber Program for 2019. The Cyber Program for 2019 was successfully completed within budget.

The Cyber Resilience Program is one of four IT-related capital expenditure authorization requests that will be presented to the Trustees at their March 31, 2020 meeting. No contract awards are being requested at this time. Any future contract requests associated with this program will be in accordance with the Authority’s Expenditure Authorization Procedures.

DISCUSSION

The Cyber Resilience Program is focused on fortifying the Authority’s systems with state-of-the-art solutions needed to detect and defend NYPA from constantly evolving threats, and vulnerabilities. This program is designed to support the implementation, lifecycle and modernization of the existing portfolio of cyber protection and detection systems. It includes work related to the sustainment, enhancement and integration related to protecting NYPA’s business.

IT Cyber Security Initiatives are focused into strategic sub-programs representing a variety of state-of-the-art security solutions needed to deliver the security requirements of the NYPA business

community. These strategic efforts are to improve services, delivery and security around NYPA's digital vision.

- Segmentation solutions will enable visibility, monitoring and security of various zones of protection both within and externally to NYPA. Technologies will focus on software defined networks, orchestration and access authorization and authentication. This will reduce attack surface and data leakage risks.
- Access Anywhere solutions will focus on the delivery of information, services and software to any device anywhere with proper visibility, monitoring and security controls. Automated and managed services focused at effective cost controls will allow greater speed and enhanced self-service.
- IT / OT Visibility consists of assessment, acquisition and implementation of solutions and architecture standards to incorporate operational technology systems and networks into centralized monitoring, asset control and advance security solutions.
- Threat and Vulnerability & Incident Management will enable consistent, rapid engagement, and communication of security events, threats, and vulnerabilities to mitigate security risks more quickly in a standardized and repeatable way.

The current capital expenditure authorization request for the Cyber Resilience Program is based on the projected expenditures for the 2020-2023 period. The program will involve engineering design, new hardware and software, installation and testing.

The major components of the funding for the Cyber Resilience Program are as follows:

• Procurement	\$12,930,375
• Construction/Installation	\$ 14,088,721
• Internal Labor	\$ 2,162,769
• HQ Overhead	<u>\$ 1,459,093</u>
Total	<u>\$ 30,640,958</u>

While the capital expenditure authorization request is for the full amount, any expenses deemed to be operating expenses under applicable accounting standards would be funded from the Authority's operating funds.

FISCAL INFORMATION

The projected expenditures in 2020 for the Cyber Resilience Program were included in the Authority's 2020 Budget. Payments associated with the Cyber Resilience Program will be made from the Capital Fund, to the extent properly capitalized or capitalizable, and from operating funds.

RECOMMENDATION

It is requested that the Finance Committee recommend that the Trustees approve capital expenditures in the amount of \$30,640,958 for the Cyber Resilience Program.

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

On motion made by member John Koelmel and seconded by member Michael Balboni, the following resolution, as recommended by the President and Chief Executive Officer, was unanimously adopted.

RESOLVED, That the Finance Committee recommends that the Trustees authorize capital expenditures in the amount of \$30,640,958 for the Cyber Resilience Program.

<u>Capital</u>	<u>Expenditure Authorization</u>
Cyber Resilience Program	<u>\$ 30,640,958</u>

iv. Data Management Program – Capital Expenditure Authorization

The President and Chief Executive Officer submitted the following report:

“SUMMARY

The Trustees will be requested at their March 31, 2020 meeting to approve a capital expenditure authorization request of \$10,816,679 for the Data Management Program. The Data Management Program is a transformational program that will focus on providing the tools that enable the management of data throughout its entire lifecycle and maximize the value that can be derived from that data.

The request represents the projected expenditures for the Data Management Program over the period from 2020-2021. The Authority's 2020 Budget includes approximately \$8,559,179 for the Data Management Program.

The Finance Committee is requested to recommend to the Trustees the approval of the capital expenditure authorization request of \$10,816,679.

BACKGROUND

In accordance with the Authority's Capital Planning and Budget Procedures, capital expenditures in excess of \$6 million require the Trustees' approval.

The Authority's Information Technology department ('NYPA IT') previously outlined to the Trustees' a comprehensive multi-year strategy to support the Authority's top priorities and initiatives enabling the Authority's digital transformation. As part of the multi-year strategy, NYPA IT has reorganized its previously identified core programs to sufficiently account for changes in priorities and to more accurately align to ongoing enterprise strategies as it moves into the future. The goals of the strategy and the eight new programs, including the Data Management Program, are described in more detail in 'Exhibit 4a iv-A.'

In 2019, NYPA IT focused on the acceleration of the enterprise compute and storage program, and its related critical infrastructure components. This effort provided the modern technological foundation and capacity for NYPA to avail itself of leading and bleeding edge solutions required by its digital transformation strategy for 2020 and beyond. In May 2019, the Trustees approved expenditures of \$34,020,924 for the Compute-Storage Program. The Compute-Storage Program is currently on budget and expected to be completed in 2020. In 2018, the Trustees approved expenditures of \$8,463,609 for the Cyber Program for 2019. The Cyber Program for 2019 was successfully completed within budget.

The Data Management Program is one of four IT-related capital expenditure authorization requests that will be presented to the Trustees at their March 31, 2020 meeting. No contract awards are being requested at this time. Any future contract requests associated with this program will be in accordance with the Authority's Expenditure Authorization Procedures.

DISCUSSION

The Data Management Program will focus on providing the tools that enable the management of data throughout its entire lifecycle and maximize the value that can be derived from that data. This program is targeted to the acquisition and implementation of the technology required to manage NYPA's 'Data-as-an-Asset' program and to provide a single foundational data service for data integration, analytics and self-service.

The Data Management Program will include, but not be limited to, Work Packages in the areas of:

- Enable a data integration framework to combine and transform data from disparate sources and types.
- Establish data governance capabilities to ensure all data and models are managed, end-to-end, within the EDAP while also enabling self-service capabilities.
- Establish data analytics capabilities that allow data scientists and business users to analyze data and build complex models & algorithms to generate business insights.

The current capital expenditure authorization request for the Data Management Program is based on projected expenditures for the 2020-2021 period. The Data Management Program will involve engineering design, new hardware and software, installation and testing.

The major components of the funding for the Data Management Program are as follows:

• Procurement	\$ 2,834,100
• Construction/Installation	\$ 4,661,383
• Internal Labor	\$ 2,806,116
• HQ Overhead	\$ 515,080
Total	<u>\$ 10,816,679</u>

While the capital expenditure authorization request is for the full amount, any expenses deemed to be operating expenses under applicable accounting standards would be funded from the Authority's operating funds.

FISCAL INFORMATION

The projected expenditures in 2020 for the Data Management Program were included in the Authority's 2020 Budget. Payments associated with the Data Management Program will be made from the Capital Fund, to the extent properly capitalized or capitalizable, and from operating funds.

RECOMMENDATION

It is requested that the Finance Committee recommend that the Trustees approve capital expenditures in the amount of \$10,816,679 for the Data Management Program.

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

On motion made by member John Koelmel and seconded by member Michael Balboni, the following resolution, as recommended by the President and Chief Executive Officer, was unanimously adopted.

RESOLVED, That the Finance Committee recommends that the Trustees authorize capital expenditures in the amount of \$10,816,679 for the Data Management Program.

<u>Capital</u>	<u>Expenditure Authorization</u>
Data Management Program	<u>\$ 10,816,679</u>

b. Financial Operations

i. Review and Approval of Amended Investment Policy Statement for the Other Post-Employment Benefits Trust

The President and Chief Executive Officer submitted the following report:

SUMMARY

The Trustees will be requested, at their March 23, 2020 meeting, to adopt an amended Other Post-Employment Benefits ('OPEB') Trust Investment Policy Statement in order to support the continued growth and to strengthen fiduciary controls of the Trust.

The Finance Committee is requested to recommend that the Trustees adopt the amended Investment Policy Statement.

BACKGROUND

At their July 31, 2007 meeting, the Trustees (1) approved the creation of the Power Authority of the State of New York Other Post-Employment Benefits Trust (the 'Trust'); (2) adopted the Trust Investment Policy Statement; (3) appointed a Trustee Custodian and (4) approved an initial \$225 million funding plan. Subsequently, in October 2011, the Trustees approved an on-going annual funding plan for the OPEB Trust and certain amendments to the Investment Policy Statement clarifying diversification and credit quality standards.

DISCUSSION

The Trust Investment Policy Statement is a document that outlines and discusses the Trust's investment objectives and includes a strategy for diversification among several asset types and classes to be aligned with the Authority's overall return objectives and risk tolerances.

The establishment of the Trust, in addition to securing the Authority's ability to meet its OPEB obligations, reduces the net cost of the obligations by providing investment earnings to offset the anticipated growth in benefit expenditures. Moreover, the establishment of the separate Investment Policy for the Trust allows investment in longer term and generally higher yielding investments than the Authority's general funds.

Staff is recommending several amendments to the Investment Policy Statement ('IPS') for the New York Power Authority's Other Post-Employment Benefit Trust Fund. The IPS has not been amended since October 2011, which clarified diversification and credit quality restrictions but did not address asset classes, fiduciary controls or regulatory shifts since the Financial Crisis.

A marked version of the IPS showing the recommended changes is attached as Exhibit '4b i-A' with any additions shown as underlined and any deletions shown as strikethroughs. A final version of the amended IPS is attached as Exhibit '4b i-B.'

In order to develop a more effective and contemporary policy statement, the OPEB Investment Committee with the help of consultant NEPC engaged in a portfolio analysis session, reviewed the Authority's annual Asset Allocation Study and reviewed the investment policy statements of the New York State and Local Employees' Retirement Fund, Teachers Fund and Firefighters' Fund, among others. Subsequently, Authority staff and NEPC developed alternative asset allocation models, reviewed capital market assumptions and determined the probability of achieving the desired investment objectives of the Trust.

Based on the various model tests and the Trust's objectives and risk tolerances, asset class weighting targets and ranges were recommended as follows:

Asset Class	Asset Weightings	
	Range	Target
Domestic Equity	37% - 47%	27%
International Equity	14% - 24%	23%
Fixed Income	25% - 35%	21%
Private Markets (Private Equity/Debt)	0 - 15%	11%
Public Real Estate Investment Trust	0 - 6%	3%
Private Real Estate	0 - 10%	8%
Real Assets (Infrastructure/Land)	0 - 6%	4%
Cash Equivalent	0% - 10%	3%

In addition, the OPEB Investment Committee and NEPC updated the IPS to reflect "best practice" language to improve fiduciary controls and include social governance as follows:

- Clarified review responsibilities by the OPEB Investment Committee
- Adjustment of Trust investment time horizon to 30 years from 20 years
- Consideration to hire a proxy service
- Consideration of Environmental, Social and Governance factors when selecting investment managers
- Prohibition of direct investment in fossil fuel companies
- Additional requirements on asset rebalancing
- Updates to permitted investment vehicle structures

FISCAL INFORMATION

As of December 31, 2019, the market value of assets held in the OPEB Trust Fund totaled approximately \$686 million, of which \$428 million were invested in equities, \$203 million were invested in fixed income securities, and \$39 million were invested in real estate investment trust securities.

RECOMMENDATION

The Executive Vice President and Chief Financial Officer requests that the Finance Committee recommend that the Trustees adopt the amended Other Post-Employment Benefits Trust Investment Policy Statement.

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

On motion made by member Eugene Nicandri and seconded by member Michael Balboni, the following resolution, as recommended by the President and Chief Executive Officer, was unanimously adopted.

RESOLVED, That the Finance Committee hereby recommends that the Trustees adopt the amended Other Post-Employment Benefits Trust Investment Policy Statement to support the continued growth and strengthen the fiduciary controls of the Trust as discussed in the foregoing report of the President and Chief Executive Officer.

ii. **2020 Plan of Finance - Series 2020 Revenue Bonds,
Commercial Paper Resolutions and Revolving Credit Agreement**

The President and Chief Executive Officer submitted the following report:

"SUMMARY

The Trustees will be requested at the March 31, 2020 Board meeting to take the actions summarized below regarding the Series 2020 Revenue Bonds, Commercial Paper Resolutions and Revolving Credit Agreement.

Set forth below is a summary of the actions that the Board of Trustees will be requested to take at the March 31, 2020 Board meeting regarding the above-captioned matter.

The Finance Committee is requested to recommend that the Trustees take the actions described in this report.

BACKGROUND and DISCUSSION

A. Series 2020 Revenue Bonds and Plan of Finance

The staff of the Authority proposes the issuance of the Series 2020 Bonds, in an aggregate principal amount not to exceed \$950 million, for the purpose of: (1) refunding all or a portion of the Commercial Paper Notes issued by the Authority to refund the Authority's Series 2007 A Revenue Bonds and the Authority's Series 2007 C Revenue Bonds in December 2019; (2) refunding all or a portion of the Authority's Series 2011 A Revenue Bonds for net present value savings; (3) recovering capital spending and construction work in progress for the period 2017 - 2019 related to the Authority's transmission assets, the St. Lawrence generation facility, the Niagara generation and Lewiston pump assets and other generation and asset expenditures deemed appropriate for the financing contemplated herein in the amount of approximately \$300 million; (4) new money of in the amount of approximately \$300 million for expenditures pursuant to the Authority's 2020-2023 Approved Budget and Financial Plan that includes approximately \$890 million in expenditures for power generation, transmission, Canal Corporation, energy solutions and information technology improvements; and (5) paying financing costs related to the issuance of the Authority's debt obligations, including underwriters' discount, structuring fees, any insurance premiums, credit enhancement or liquidity fees related to obtaining any municipal bond insurance policy, other credit enhancement or liquidity facilities determined to be necessary or desirable and other costs incurred by the Authority in connection therewith.

The Series 2020 Bonds would be issued as senior lien revenue bonds under the Authority's General Resolution Authorizing Revenue Obligations, adopted February 24, 1998, as amended and supplemented. The objectives of issuing the Series 2020 Bonds will include the return to, and maintenance of 200 days cash on hand and maintenance of a debt to capitalization ratio below 50%. A due diligence process is currently underway with bond counsel, Hawkins Delafield & Wood, and the Authority's financial advisor, PFM, to determine the appropriate mix of green, taxable and tax-exempt bonds with an express desire to capture as much of this capacity as possible under a Green Bond issuance. The Authority proposes to issue the Series 2020 Bonds as either fixed or variable rate bonds but anticipates issuing at a fixed rate based on the beneficial issuer environment at present with an opportunity to significantly reduce the Authority's overall cost of debt with this issuance.

The purpose of the 2020 plan of finance as described herein is to pay for, or reimburse capital expenditures, replenish financial metrics in line with the maintenance of the Authority's AA rating and produce present value savings on debt service.

In addition, to further enhance the Authority's financial flexibility, the staff of the Authority proposes: (a) amending the resolutions authorizing commercial paper notes previously adopted by the Authority (the 'Commercial Paper Resolutions') to expand the permissible uses of the Commercial Paper Notes issued thereunder to include any corporate purpose of the Authority and (b) amending the 2019 Revolving Credit Agreement, with JP Morgan Chase Bank, National Association, as Administrative Agent (the 'Revolving Credit Agreement'), to (i) expand the purposes for which the Authority may borrow amounts thereunder, (ii) increase the amount that the Authority may borrow thereunder to up to \$950 million, (iii) revise the terms and conditions upon which amounts borrowed thereunder may be repaid, and (iv) otherwise revise terms to benefit the Authority. To the extent one or more of the banks or the administrative agent under the Revolving Credit Agreement are unable or unwilling to accommodate the Authority's proposed revisions, the Authority proposes to enter into one or more separate revolving credit or term loan agreements with one or more banks or other financial institutions authorized by the Trustees to enter into such transactions with the Authority to achieve such purposes.

B. The Resolutions Regarding the Series 2020 Bonds, Commercial Paper Program and Revolving Credit Agreement

A summary of the principal terms of the resolutions attached as Exhibit '4b ii-A' presented to this Finance Committee for recommendation to the Trustees for consideration is set forth below.

(1) Amended and Restated Eleventh Supplemental Resolution

Adoption of the Amended and Restated Eleventh Supplemental Resolution Authorizing Series 2020 Revenue Bonds ('Eleventh Supplemental Resolution' and attached as Exhibit '4b ii-A-1,' which authorizes the issuance of the Series 2020 Bonds, in an aggregate principal amount not to exceed \$950 million for the purposes discussed above.

(2) Series 2020 Bonds

(a) The sale of the Series 2020 Bonds to one or more underwriters as may be selected by the Chairman, President and Chief Executive Officer, and Executive Vice President and Chief Financial Officer from the prequalified pool of underwriters also presented before the Finance Committee for discussion and recommendation to the Trustees at their March 31, 2020 Board meeting, at such prices as any such officer may accept and as will be in compliance with the requirements of the Eleventh Supplemental Resolution is authorized.

(b) The Chairman, President and Chief Executive Officer, Executive Vice President and Chief Financial Officer and other specified officers are each authorized to execute a Contract of Purchase, providing for the sale of the Series 2020 Bonds to such underwriters, a Continuing Disclosure Agreement with The Bank of New York Mellon relating to the Series 2020 Bonds, a private placement agreement or other bank financing agreement, and miscellaneous other documents and instruments.

(c) To the extent that it is determined to issue variable rate Series 2020 Bonds, the Chairman, President and Chief Executive Officer, Executive Vice President and Chief Financial Officer and other specified officers are also authorized to enter into any related remarketing agreements and liquidity and credit agreement.

(d) The Chairman, President and Chief Executive Officer, Executive Vice President and Chief Financial Officer and other specified officers are authorized to approve the issuance of one or more Preliminary Official Statements and final Official Statements relating to the Series 2020 Bonds. A copy of the Preliminary Official Statement is attached as Exhibit '4b ii-A-2.'

(3) Registrar, Paying Agent and Escrow Agent for the Series 2020 Bonds

The Bank of New York Mellon will be appointed as Registrar and Paying Agent for the Series 2020 Bonds.

(4) Amendments to Commercial Paper Resolutions and Revolving Credit Agreement

(a) The amendments to the commercial paper resolutions will provide that commercial paper may be issued, and the proceeds of each series of commercial paper notes may be applied, for the payment of any capital expenditures, operating expenses or any other lawful corporate purpose of the Authority.

(b) The Chairman, President and Chief Executive Officer, and Executive Vice President and Chief Financial Officer are authorized to execute amendments to the Revolving Credit Agreement to (a) increase borrowing capacity thereunder by not more than an additional \$250,000,000, (b) acknowledge that the commercial paper resolutions have been amended and supplemented as described in (4)(a) above, (c) extend the term by which amounts borrowed thereunder may be repaid to a date not longer than 15 years from the date of such borrowing, and (d) otherwise renegotiate and revise the terms of the Revolving Credit Agreement to benefit the Authority. The Chairman, President and Chief Executive Officer, Executive Vice President and Chief Financial Officer and all other officers of the Authority are authorized and directed to carry out or cause to be carried out all obligations of the Authority set forth in said amendments upon execution thereof and subject to approval as to the form thereof by the Executive Vice President and General Counsel.

(c) In addition, in the event one or more of the banks or the administrative agent is unwilling or unable to accommodate the Authority's request for the amendments described above, the Chairman, President and Chief Executive Officer, and Executive Vice President and Chief Financial Officer will be authorized on behalf of the Authority, to execute one or more separate revolving credit or term loan agreements for an amount up to \$250 million with one or more of the banks and or the administrative agent or other financial institutions authorized by the Trustees to enter into such transactions with the Authority subject to the limitations set forth above subject to approval as to the form thereof by the Executive Vice President and General Counsel.

RECOMMENDATION

The Treasurer recommends that the Finance Committee recommend that the Board of Trustees take the above requested actions by adoption of the resolution below.

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

On motion made by member Eugene Nicandri and seconded by member Michael Balboni, the following resolution, as recommended by the President and Chief Executive Officer, was unanimously adopted.

RESOLVED, that the Finance Committee recommends that the Board of Trustees approve, at the Board's March 31, 2020 meeting, the 2020 plan of finance and its related resolutions, attached as Exhibit "4b ii-A," as discussed in the foregoing report of the Treasurer.

iii. **Selection of Firms to Serve as Authority Underwriters**

The President and Chief Executive Officer submitted the following report:

"SUMMARY

The Finance Committee is requested to recommend that the Trustees approve the appointment, for a period of five years, of a prequalified pool of Senior Managers, Co-Managers and Selling Group members to originate, underwrite and sell the Authority's debt obligations and provide other services as requested.

BACKGROUND

The Authority's 2020 Approved Budget and Financial Plan includes approximately \$894.4 million in expenditures for Power Generation, Transmission, Canal Corporation, Energy Solutions and IT improvements which will be funded using a combination of existing construction funds, internally generated funds, and proceeds from the sale of debt obligations ('debt') in the capital markets. Opportunities also exist to refund a certain series of the Authority's Revenue Bonds (2011A) beginning on their first call date of November 15, 2021. It is expected that a bond refinancing could provide net present value savings.

To be able to enter the capital markets as conditions and needs arise, the Authority issued a Request for Qualifications ('RFQ') ('Q 19-6846RM') to pre-qualify firms to assist in originating, underwriting and selling the Authority's debt and provide other services, as requested.

DISCUSSION

The Authority recently issued an RFQ for firms interested in providing underwriting services for the Authority's debt issuances. The RFQ was widely advertised including on the Authority's website and in the New York State Contract Reporter. Banks, brokers and dealers that have expressed an interest in providing such services to the Authority were invited to respond to the RFQ. In consideration of the recommendations of a State Task Force established to increase the use of Minority and Women-Owned Business Enterprise ('MWBE') underwriters, firms certified with the New York State Department of Economic Development were also invited to respond to the RFQ. Of those firms responding to the RFQ, nine held MWBE designations, two held dual designations of MWBE and Service-disabled Veteran Owned Business ('SDVOB') or Disabled Veteran Business Enterprises ('DVBE') and four were SDVOB or DVBE.

The Authority's evaluation of responses took into consideration several qualitative characteristics essential for a successful underwriting team. Specifically, responses were evaluated for firm experience in structuring, underwriting and selling green, tax-exempt and taxable bond and note issues; knowledge of the Authority, its business markets and the public power industry; the ability and demonstrated willingness to underwrite bonds; financial strength and capital position, including excess net capital allocated to public finance; distribution capability in the retail and institutional sectors; diversity and commitment to equal employment opportunities; analysis of CRA ratings where applicable; and value-added services and financing proposals aimed at cost savings or debt structuring.

Based on staff's evaluation, the following firms exhibited the qualifications that would make them suited to serve in a Senior or Co-Senior underwriting capacity. Based on their combined experience and distribution capabilities, staff believes the team will be able to market the Authority's debt at the lowest possible interest cost with wide investor participation.

Senior Managers

- Bank of America
- Citigroup
- Goldman, Sachs & Co.
- Ramirez & Co., Inc.
- Siebert Williams Shank

In addition to the selection of Senior Managers, the following firms are being recommended to serve as Co-Managers and Selling Group Members based on their qualifications to distribute and/or underwrite bonds:

Co -Managers

- Academy Securities
- Estrada & Honojosa
- FHN Financial
- Jeffries LLC
- JP Morgan Securities LLC
- Loop Capital Markets LLC
- Piper Sandler & Co.
- Wells Fargo Bank, N.A.

Selling Group Members

- AmeriVet Securities
- American Veterans Group
- Bancroft Capital
- Drexel Hamilton
- Great Pacific Securities
- Mischler Financial Group
- Roberts & Ryan Investments
- Rockfleet Financial

Overall, 43% of the firms selected are MWBEs or hold dual designations while an additional 19% are SDVOBs/DVBEs.

Firm assignments for Senior Manager(s), Co-Manager(s) and Selling Group members from the prequalified pool will be established at the time of each financing transaction subject to selection by the Chief Executive Officer or Chief Financial Officer. Firms serving as Co-Managers or Selling Group members may be considered for an elevated position within the pool based on exemplary service to the Authority or value-added structuring proposals.

FISCAL INFORMATION

There is no fiscal impact associated with this action.

RECOMMENDATION

The Executive Vice President and Chief Financial Officer recommends that the Finance Committee recommend that the Trustees approve the appointment of a the firms named in this report for a period of five years to serve as a prequalified pool of Senior Managers, Co-Managers and Selling Group members to originate, underwrite and sell the Authority's debt obligations and provide other services upon request.

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

On motion made by member Eugene Nicandri and seconded by member Michael Balboni, the following resolution, as recommended by the President and Chief Executive Officer, was unanimously adopted.

RESOLVED, That the Finance Committee recommends that the Trustees approve the appointment of a the firms listed below for a period of five years to serve as a prequalified pool of Senior Managers, Co-Managers and Selling Group members to originate, underwrite and sell the Authority's debt obligations and provide other services as requested, with firm assignments from the prequalified pool to be established at the time of each financing transaction subject to selection by the Chief Executive Officer or Chief Financial Officer:

Senior Managers

- Bank of America
- Citigroup
- Goldman, Sachs & Co.
- Ramirez & Co., Inc.
- Siebert Williams Shank

Co -Managers

- Academy Securities
- Estrada & Honojosa
- FHN Financial
- Jeffries LLC
- JP Morgan Securities LLC
- Loop Capital Markets LLC
- Piper Sandler & Co.
- Wells Fargo Bank, N.A.

Selling Group Members

- AmeriVet Securities
- American Veterans Group
- Bancroft Capital
- Drexel Hamilton
- Great Pacific Securities
- Mischler Financial Group
- Roberts & Ryan Investments
- Rockfleet Financial

iv. **Update on 2019 Financial Reports Pursuant to Section 2800 of the Public Authorities Law and Regulations of the Office of the State Comptroller**

Mr. Adam Barsky, Executive Vice President and Chief Financial Officer, provided an update on the 2019 Financial Reports Pursuant to Section 2800 of the Public Authorities Law and Regulations of the Office of the State Comptroller. (Exhibit “4b iv-A”)

Financial Report Summary – Year Ended December 31, 2019

KPMG completed its audit without any pronouncements as to material weaknesses or significant deficiencies on the Authority’s consolidated financial statements.

As projected, the Authority ended the year with Net Income of \$23M which was higher than the budget of \$21M. This was due to higher market value on the investment portfolio, lower interest rate expense and lower operating income.

2019 Notes to Financial Statements Highlights

Net Position

In terms of the Balance Sheet, the Authority’s Net Position increased by \$26M, a combination of the \$23M Net income and \$3M contributed to NYPA as a result of a wind farm project. The difference in cash reflects the major change in the Authority’s cash position – energy prices last year and increases in the Authority’s OPED expenses – that increased O&M expenses. Otherwise, the Balance Sheet remains stable.

New Legislation Affecting the Authority

Legislation enacted in 2019 expanded authorities to NYPA to build and operate electric vehicle charging stations; develop transmission to deliver power from renewable wind energy generation projects; supply market and renewable power to certain public and private entities and finance the development of renewable energy generation projects.

Accounting Pronouncements

There were no significant impacts of any accounting pronouncements that affected the Authority’s 2019 results.

A new GASB pronouncement will be issued in 2020 relating to leases and fiduciary assets.

Commitments and contingencies

Auer. v. NYPA — The Authority was successful in litigating this enforcement action and it was dismissed without any financial impact to the Authority’s consolidated financial statements.

Moses Adirondack Line

The Public Service Commission (“PSC”) approved the joint proposal for this project in 2019. On February 6, 2020, the PSC issued an order approving Part One of the Environmental Management and Construction Plan. The Authority received its permit from the U.S. Army Corps of Engineers and the NYS Department of Public Service issued a Notice to Proceed. Estimated project cost is \$484M; construction is anticipated to begin in 2020 and completed in 2023.

Reimagine the Canals Initiative

The Authority’s Trustees authorized an investment of \$300M over five years for the Reimagine the Canals initiative and approved \$30M to fund the initiative in 2020.

Annual Report on investments and changes to investment guidelines

Mr. Barsky provided an overview of the 2019 Annual Report on investments as it applies to the Authority’s cash, and proposed amendments to the Authority’s Investment Guidelines.

v. **Release of Funds in Support of the New York State Canal Corporation (Q2)**

The President and Chief Executive Officer submitted the following report:

“SUMMARY

The Trustees will be requested at their March 31, 2020 meeting to authorize the release of an additional up to \$22.8 million in funding to the New York State Canal Corporation ('Canal Corporation') to support the operations of the Canal Corporation in calendar year 2020. The amount requested is 25% of the Canal Corporation's 2020 O&M Budget. The Trustees have previously authorized the release of \$22.8 million to support the operations of the Canal Corporation for calendar year 2020.

The Finance Committee is requested to recommend to the Trustees the release of this additional funding.

BACKGROUND

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

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

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

DISCUSSION

With this authorization, the Trustees will have authorized the release of a cumulative \$45.6 million, an amount equal to 50% of the Canal Corporation's 2020 O&M Budget. With regard to Canal Corporation's operating expenses in excess of \$45.6 million in calendar year 2020, staff is not requesting any action at this time, but will return to the Board to request additional releases, as needed.

Staff has reviewed the effect of releasing up to an additional \$22.8 million in funding at this time on the Authority's expected financial position and reserve requirements. In accordance with the Board's Policy Statement adopted on May 24, 2011, staff calculated the impact of this release, together with the last 12 months releases including (i) the release of \$30 million in Recharge New York Discounts for 2020, (ii) the release of up to \$45.6 million in Canal-related operating expenses for 2020 (\$22.8 million of which

was authorized in December 2019 and \$22.8 million of which the Trustees are being asked to authorize at this March 2020 meeting), (iii) the release of up to \$2 million in Western NY Power Proceeds net earnings, and (iv) the release of up to \$1 million in Northern NY Power proceeds net earnings, on the Authority's debt service coverage and determined it would not fall below the 2.0 reference level. Based on the Authority's Four-Year Budget and Financial Plan, the 2.0 reference point level is forecasted to be met at each year-end of the forecast period 2020-2023. Given the current financial condition of the Authority, its estimated future revenues, operating expenses, debt service and reserve requirements, staff is of the view that it will be feasible for the Authority to release such amounts from the trust estate created by the Bond Resolution consistent with the terms thereof.

FISCAL INFORMATION

Staff has determined that sufficient funds are available in the Operating Fund to release an additional up to \$22.8 million in funding to support the operation of the Canal Corporation in calendar year 2020. Staff has further determined that the amounts presently held in reserves in the Operating Fund are adequate for the purposes specified in Section 503.2 of the Authority's Bond Resolution and that such Authority funds are not needed for any of the purposes specified in Section 503(1)(a)-(c) of the Authority's Bond Resolution.

The expenses associated with the operations of the Canal Corporation for calendar year 2020 were included in the Canal Corporation's 2020 O&M Budget and the Authority's 2020 Budget.

RECOMMENDATION

The Chief Financial Officer requests that the Finance Committee recommend that the Trustees authorize the release of an additional up to \$22.8 million in funding to the Canal Corporation to support the operations of the Canal Corporation in calendar year 2020. The Chief Financial Officer further recommends that the Finance Committee recommend that the Trustees affirm that such release is feasible and advisable, that the amounts presently set aside as reserves in the Operating Fund are adequate for the purposes specified in Section 503.2 of the Authority's Bond Resolution, and that the amount of up to \$22.8 million is not needed for any of the purposes specified in Section 503(1)(a)-(c) of the Authority's Bond Resolution.

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

On motion made by member Eugene Nicandri and seconded by member Michael Balboni, the following resolution, as recommended by the President and Chief Executive Officer, was unanimously adopted.

RESOLVED, That the Finance Committee recommends that the Trustees authorize the release of an additional up to \$22.8 million in funding to the Canal Corporation to support operations of the Canal Corporation in calendar year 2020, as discussed in the foregoing report of the President and Chief Executive Officer; and be it further

RESOLVED, That the Finance Committee recommends that the Trustees affirm that the amounts presently set aside as reserves in the Operating Fund are adequate for the purposes specified in Section 503.2 of the Authority's Bond Resolution, that the amount of up to \$22.8 million in funding as described in the foregoing report is not needed for any of the purposes specified in Section 503(1)(a)-(c) of the Authority's General

Resolution Authorizing Revenue Obligations, as amended and supplemented, and that the release of such amount is feasible and advisable; and be it further

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

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

5. CONSENT AGENDA

On motion made by member John Koelmel and seconded by member Eugene Nicandri the consent agenda was approved.

a. **Approval of the Minutes of the Joint Meeting held on November 19, 2019**

On motion made and seconded the minutes of the joint meeting held on November 19, 2019 were approved.

b. Approval of the Minutes of the Joint Special Meeting held on January 24, 2020

On motion made and seconded the minutes of the joint special meeting held on January 24, 2020 were approved.

6. **Next Meeting**

Chairperson McKibben said that the next regular meeting of the Finance Committee is to be held on May 14, 2020 at a time to be determined.

Closing

On motion made by member Michael Balboni and seconded by member Eugene Nicandri, the meeting was adjourned by Chairperson McKibben at approximately 11:09 a.m.

Karen Delince

Karen Delince
Corporate Secretary

NYPA-CANAL FINANCE COMMITTEE

EXHIBITS

For

March 23, 2020

Meeting Minutes

NYPA Information Technology Multi-Year Strategy – Goals and Programs

NYPA IT has previously outlined a comprehensive multi-year strategy that is a practical and living action plan supporting the Authority's top priorities and initiatives enabling NYPA's digital transformation. The strategy articulates the top goals and programs necessary to ensure that NYPA IT continues to prioritize high standards of quality across its services and the enterprise.

- Goal 1. Enhance and Improve Services to offer more advanced and timely technology implementations and streamline processes.
- Goal 2. Expand Strategic Role with Digital Transformation Office (DTO) and business units to be more aligned with their needs.
- Goal 3. Provide Robust Infrastructure to protect NYPA's technology, telecommunications and information assets and maintain service operations.
- Goal 4. Optimize NYPA-wide Technology Administration to improve IT sourcing options, vendor accountability and save NYPA cost and time.
- Goal 5. Facilitate Greater Access to Technology to engage all NYPA employees.

As part of the multi-year strategy, NYPA IT has re-organized its previously identified core programs to sufficiently account for changes in priorities and to more accurately align to ongoing enterprise strategies as it moves into the future. The realigned core programs are necessary to ensure that sufficient funding is available, and that proper governance will be applied to necessary ongoing investments. These new programs are:

1. Enterprise Storage – This program is strategically vital to supporting the NYPA vision of becoming a Digital Utility through the provisioning of highly secure, high-performance storage, analytics, web services and transaction processing capacity. This is critical to the success of our Smart Generation & Transmission ("G&T") initiatives, New York Energy Manager ("NYEM"), Evolve, Advancing Analytics, Digital Worker, Autonomous Vehicles, and Customer Relationship Management ("eCRM"). In addition, it is required to maintain the current baseline service delivery on an annual basis.
2. Cloud Computing Program - This program is the natural progression of the ongoing efforts of transforming how NYPA employees access their day-to-day productivity tools. This year will be focusing on expanding the existing end-user information sharing capabilities with more robust and user-friendly features, as well as, integrating and migrating the network share drives, SharePoint and online meeting tools into the Cloud.

Concurrently, the IT Service Management Transformation will continue with the acquisition and implementation of cloud-based service management tools that will provide new capabilities for ensuring that the new cloud services are robust, reliable and available.

3. Common Application Life Extension and Modernization (“LEM”) Program – This is a program that ensures that all identified components are upgraded to currently supported versions and that all End-of-Service and End-of-Life components are replaced. This program is targeted to the sustainment, modernization and growth of essential operating system, middleware and database systems that are key to operation of NYPA’s business applications.
4. Cyber Resilience Program – This is a program that ensures that all systems are fortified with state-of-the-art solutions needed to detect and defend NYPA from constantly evolving threats, and vulnerabilities. This program is targeted to the implementation, lifecycle and modernization of the existing portfolio of cyber protection and detection systems.
5. Core IT Infrastructure LEM Program – This is a program that ensures that all components meet NYPA’s capacity needs and that all End-of-Service and End-of-Life components are replaced. This program is targeted to the refresh, sustainment and enhancement of essential technology infrastructure including wired and wireless networking, mobile workstations, peripherals, data center infrastructure and platforms, telephony, Virtual Private Network (“VPN”), bandwidth and cloud connectivity.
6. Data Management Program – This is a transformational program that will focus on providing the tools that enable the management of data throughout its entire lifecycle and maximize the value that can be derived from that data. This program is targeted to the acquisition and implementation of the technology required to manage NYPA’s “Data-as-an-Asset” and to provide a single foundational data service for data integration, analytics and self-service.
7. Enterprise Resource Planning LEM Program – This is a program that ensures that all components are upgraded to currently supported versions and that all End-of-Service and End-of-Life components are replaced. This program is targeted to the implementation and lifecycle sustainment of the financial, Human Resource (“HR”) and sourcing systems that are fundamental to NYPA operations.
8. Capital Licensing Program – This is a program that ensures that NYPA will be able to continue to capitalize software as an intangible asset and amortize it over its useful economic life. This program is in response to industry trends that are forcing a move from on-premises perpetual licenses with annual maintenance to purely subscription-based Software-as-a-Service licenses.

NYPA Information Technology Multi-Year Strategy – Goals and Programs

NYPA IT has previously outlined a comprehensive multi-year strategy that is a practical and living action plan supporting the Authority's top priorities and initiatives enabling NYPA's digital transformation. The strategy articulates the top goals and programs necessary to ensure that NYPA IT continues to prioritize high standards of quality across its services and the enterprise.

- Goal 1. Enhance and Improve Services to offer more advanced and timely technology implementations and streamline processes.
- Goal 2. Expand Strategic Role with Digital Transformation Office (DTO) and business units to be more aligned with their needs.
- Goal 3. Provide Robust Infrastructure to protect NYPA's technology, telecommunications and information assets and maintain service operations.
- Goal 4. Optimize NYPA-wide Technology Administration to improve IT sourcing options, vendor accountability and save NYPA cost and time.
- Goal 5. Facilitate Greater Access to Technology to engage all NYPA employees.

As part of the multi-year strategy, NYPA IT has re-organized its previously identified core programs to sufficiently account for changes in priorities and to more accurately align to ongoing enterprise strategies as it moves into the future. The realigned core programs are necessary to ensure that sufficient funding is available, and that proper governance will be applied to necessary ongoing investments. These new programs are:

1. Enterprise Storage – This program is strategically vital to supporting the NYPA vision of becoming a Digital Utility through the provisioning of highly secure, high-performance storage, analytics, web services and transaction processing capacity. This is critical to the success of our Smart Generation & Transmission ("G&T") initiatives, New York Energy Manager ("NYEM"), Evolve, Advancing Analytics, Digital Worker, Autonomous Vehicles, and Customer Relationship Management ("eCRM"). In addition, it is required to maintain the current baseline service delivery on an annual basis.
2. Cloud Computing Program - This program is the natural progression of the ongoing efforts of transforming how NYPA employees access their day-to-day productivity tools. This year will be focusing on expanding the existing end-user information sharing capabilities with more robust and user-friendly features, as well as, integrating and migrating the network share drives, SharePoint and online meeting tools into the Cloud.

Concurrently, the IT Service Management Transformation will continue with the acquisition and implementation of cloud-based service management tools that will provide new capabilities for ensuring that the new cloud services are robust, reliable and available.

3. Common Application Life Extension and Modernization (“LEM”) Program – This is a program that ensures that all identified components are upgraded to currently supported versions and that all End-of-Service and End-of-Life components are replaced. This program is targeted to the sustainment, modernization and growth of essential operating system, middleware and database systems that are key to operation of NYPA’s business applications.
4. Cyber Resilience Program – This is a program that ensures that all systems are fortified with state-of-the-art solutions needed to detect and defend NYPA from constantly evolving threats, and vulnerabilities. This program is targeted to the implementation, lifecycle and modernization of the existing portfolio of cyber protection and detection systems.
5. Core IT Infrastructure LEM Program – This is a program that ensures that all components meet NYPA’s capacity needs and that all End-of-Service and End-of-Life components are replaced. This program is targeted to the refresh, sustainment and enhancement of essential technology infrastructure including wired and wireless networking, mobile workstations, peripherals, data center infrastructure and platforms, telephony, Virtual Private Network (“VPN”), bandwidth and cloud connectivity.
6. Data Management Program – This is a transformational program that will focus on providing the tools that enable the management of data throughout its entire lifecycle and maximize the value that can be derived from that data. This program is targeted to the acquisition and implementation of the technology required to manage NYPA’s “Data-as-an-Asset” and to provide a single foundational data service for data integration, analytics and self-service.
7. Enterprise Resource Planning LEM Program – This is a program that ensures that all components are upgraded to currently supported versions and that all End-of-Service and End-of-Life components are replaced. This program is targeted to the implementation and lifecycle sustainment of the financial, Human Resource (“HR”) and sourcing systems that are fundamental to NYPA operations.
8. Capital Licensing Program – This is a program that ensures that NYPA will be able to continue to capitalize software as an intangible asset and amortize it over its useful economic life. This program is in response to industry trends that are forcing a move from on-premises perpetual licenses with annual maintenance to purely subscription-based Software-as-a-Service licenses.

NYPA Information Technology Multi-Year Strategy – Goals and Programs

NYPA IT has previously outlined a comprehensive multi-year strategy that is a practical and living action plan supporting the Authority's top priorities and initiatives enabling NYPA's digital transformation. The strategy articulates the top goals and programs necessary to ensure that NYPA IT continues to prioritize high standards of quality across its services and the enterprise.

- Goal 1. Enhance and Improve Services to offer more advanced and timely technology implementations and streamline processes.
- Goal 2. Expand Strategic Role with Digital Transformation Office (DTO) and business units to be more aligned with their needs.
- Goal 3. Provide Robust Infrastructure to protect NYPA's technology, telecommunications and information assets and maintain service operations.
- Goal 4. Optimize NYPA-wide Technology Administration to improve IT sourcing options, vendor accountability and save NYPA cost and time.
- Goal 5. Facilitate Greater Access to Technology to engage all NYPA employees.

As part of the multi-year strategy, NYPA IT has re-organized its previously identified core programs to sufficiently account for changes in priorities and to more accurately align to ongoing enterprise strategies as it moves into the future. The realigned core programs are necessary to ensure that sufficient funding is available, and that proper governance will be applied to necessary ongoing investments. These new programs are:

1. Enterprise Storage – This program is strategically vital to supporting the NYPA vision of becoming a Digital Utility through the provisioning of highly secure, high-performance storage, analytics, web services and transaction processing capacity. This is critical to the success of our Smart Generation & Transmission ("G&T") initiatives, New York Energy Manager ("NYEM"), Evolve, Advancing Analytics, Digital Worker, Autonomous Vehicles, and Customer Relationship Management ("eCRM"). In addition, it is required to maintain the current baseline service delivery on an annual basis.
2. Cloud Computing Program - This program is the natural progression of the ongoing efforts of transforming how NYPA employees access their day-to-day productivity tools. This year will be focusing on expanding the existing end-user information sharing capabilities with more robust and user-friendly features, as well as, integrating and migrating the network share drives, SharePoint and online meeting tools into the Cloud.

Concurrently, the IT Service Management Transformation will continue with the acquisition and implementation of cloud-based service management tools that will provide new capabilities for ensuring that the new cloud services are robust, reliable and available.

3. Common Application Life Extension and Modernization (“LEM”) Program – This is a program that ensures that all identified components are upgraded to currently supported versions and that all End-of-Service and End-of-Life components are replaced. This program is targeted to the sustainment, modernization and growth of essential operating system, middleware and database systems that are key to operation of NYPA’s business applications.
4. Cyber Resilience Program – This is a program that ensures that all systems are fortified with state-of-the-art solutions needed to detect and defend NYPA from constantly evolving threats, and vulnerabilities. This program is targeted to the implementation, lifecycle and modernization of the existing portfolio of cyber protection and detection systems.
5. Core IT Infrastructure LEM Program – This is a program that ensures that all components meet NYPA’s capacity needs and that all End-of-Service and End-of-Life components are replaced. This program is targeted to the refresh, sustainment and enhancement of essential technology infrastructure including wired and wireless networking, mobile workstations, peripherals, data center infrastructure and platforms, telephony, Virtual Private Network (“VPN”), bandwidth and cloud connectivity.
6. Data Management Program – This is a transformational program that will focus on providing the tools that enable the management of data throughout its entire lifecycle and maximize the value that can be derived from that data. This program is targeted to the acquisition and implementation of the technology required to manage NYPA’s “Data-as-an-Asset” and to provide a single foundational data service for data integration, analytics and self-service.
7. Enterprise Resource Planning LEM Program – This is a program that ensures that all components are upgraded to currently supported versions and that all End-of-Service and End-of-Life components are replaced. This program is targeted to the implementation and lifecycle sustainment of the financial, Human Resource (“HR”) and sourcing systems that are fundamental to NYPA operations.
8. Capital Licensing Program – This is a program that ensures that NYPA will be able to continue to capitalize software as an intangible asset and amortize it over its useful economic life. This program is in response to industry trends that are forcing a move from on-premises perpetual licenses with annual maintenance to purely subscription-based Software-as-a-Service licenses.

NYPA Information Technology Multi-Year Strategy – Goals and Programs

NYPA IT has previously outlined a comprehensive multi-year strategy that is a practical and living action plan supporting the Authority's top priorities and initiatives enabling NYPA's digital transformation. The strategy articulates the top goals and programs necessary to ensure that NYPA IT continues to prioritize high standards of quality across its services and the enterprise.

- Goal 1. Enhance and Improve Services to offer more advanced and timely technology implementations and streamline processes.
- Goal 2. Expand Strategic Role with Digital Transformation Office (DTO) and business units to be more aligned with their needs.
- Goal 3. Provide Robust Infrastructure to protect NYPA's technology, telecommunications and information assets and maintain service operations.
- Goal 4. Optimize NYPA-wide Technology Administration to improve IT sourcing options, vendor accountability and save NYPA cost and time.
- Goal 5. Facilitate Greater Access to Technology to engage all NYPA employees.

As part of the multi-year strategy, NYPA IT has re-organized its previously identified core programs to sufficiently account for changes in priorities and to more accurately align to ongoing enterprise strategies as it moves into the future. The realigned core programs are necessary to ensure that sufficient funding is available, and that proper governance will be applied to necessary ongoing investments. These new programs are:

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INVESTMENT POLICY STATEMENT

FOR

POWER AUTHORITY OF THE STATE OF NEW YORK

OTHER POST-EMPLOYMENT BENEFITS TRUST

[Amended: March 31, 2020]

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Background

The Power Authority of the State of New York (the “Authority”) has established a Trust fund, known as the Power Authority of the State of New York Other Post-Employment Benefits Trust (the “Trust”). This Trust provides medical, prescription drug, life and other long-term benefits for those employees who meet the age and service requirements outlined in Attachment A of the Trust Agreement. The Trust consists of contributions from the Power Authority of the State of New York. The Power Authority of the State of New York will oversee certain policies and procedures related to the operation and administration of the Trust.

Purpose

The purpose of this Investment Policy Statement (the “Policy”) is to assist the Authority in effectively supervising, monitoring and evaluating the investment of assets of the Trust. A thorough investment program is defined throughout this document to achieve the following:

1. Document the Authority’s investment objectives, performance expectations and investment guidelines for Trust assets.
2. Establish an appropriate investment strategy for managing all Trust assets, including an investment time horizon, risk tolerance ranges and asset allocation. The goal of this strategy is to provide sufficient diversification and overall return over the long-term time horizon of the Trust.
3. Establish investment guidelines to control overall risk and liquidity, within the agreed upon investment strategy.
4. Establish periodic performance reporting requirements that will effectively monitor investment results and ensure that the investment policy is being followed.
5. Comply with all fiduciary, prudence, due diligence and legal requirements for Trust assets.

The Authority has arrived at this Policy through careful study of the returns and risks associated with alternative investment strategies in relation to the current and projected liabilities of the Trust. This Policy has been chosen as the most appropriate method for achieving the financial objectives of the Trust, which are defined in the Statement of Objectives.

Statement of Objectives

In defining the objectives of the Trust, the Authority has carefully reviewed its current and projected financial obligations as well as the risk and return relationships included in various asset allocation strategies. Based on these considerations, the Trust objectives are:

- To invest assets of the Trust in a manner consistent with the fiduciary standards of State of New York, namely: (a) all transactions undertaken must be for the sole interest of Trust participants and their beneficiaries and to provide maximum benefits and defray reasonable expenses in a prudent manner, and (b) assets are to be diversified in order to minimize the impact of large losses in individual investments.
- To provide for the funding and anticipated withdrawals on a continuing basis.
- To conserve and enhance the capital value of the Trust in real terms through asset appreciation and income generation, while maintaining a moderate investment risk profile.
- To minimize principal fluctuations over the investment cycle (five to seven years).
- To achieve a long-term level of return commensurate with contemporary economic conditions and equal to or exceeding the investment objective set forth in the policy.
- While there can be no assurance that these objectives will be realized, the Authority believes that the likelihood of their realization is reasonably high based upon this Policy.
- The Fund's investment philosophy also includes the consideration of environmental, social, and governance (ESG) factors in the investment process because they can influence both risk and return. The Fund believes that ESG is a sound investment policy that will not only generate investment return but also be impactful across various sectors.

Investment Guidelines

Time Horizon

The Trust's objectives are based on a 30-year investment horizon so that interim fluctuations should be viewed with appropriate perspective. The Authority has adopted a long-term investment horizon such that the chances and duration of investment losses are carefully weighed against the long-term potential for appreciation of assets.

Diversification

In general, the Trust will hold between 6 and 12 months of protected liquidity needs for benefit payments and expenses in cash. The remaining assets will be invested.

Investments shall be diversified with the intent to minimize the risk of investment losses. Consequently, the total portfolio will be constructed and maintained to provide prudent diversification with regard to the concentration of holdings in individual issues, issuers, countries, governments or industries.

Asset Allocation

The Authority believes that to achieve the greatest likelihood of meeting Trust objectives and the best balance between risk and return for optimal diversification, the Trust should allocate assets in accordance with the targets for each asset class as follows:

<u>Asset Class</u>	<u>Asset Weightings</u>	
	<u>Range</u>	<u>Target</u>
Domestic Equity	25% - 47%	27%
International Equity	14% - 25%	23%
Fixed Income	20% - 35%	21%
Private Market	0% - 15%	11%
REITS and Private Real Estate	0% - 16%	11%
Real Assets (Infrastructure/Land)	0% - 6%	4%
Cash Equivalent	0% - 10%	3%

Liquidity target is 8 months of benefits and expenses.

The investment managers shall have discretion to temporarily invest a portion of the assets in cash reserves when they deem it appropriate. However, the managers will be evaluated against their peers on the performance of the total funds under their direct management.

Rebalancing Philosophy

The asset allocation ranges established by this investment policy represents a long-term perspective. As such, rapid unanticipated market shifts or changes in economic conditions may cause the asset mix to fall outside the policy range. When these divergences occur, the investment consultant may recommend to the Authority to rebalance the asset mix to its appropriate targets and ranges. Similarly, if the cash requirement to handle liquidity needs falls to a level where near term distributions (over the following eight months or less) cannot be met and no contributions are anticipated, the investment consultant may recommend to the Authority to rebalance the trust to its appropriate targets and ranges. Rebalancing to target will take place within a 9-month period from date of being outside of target ranges.

When the investment consultant is notified of new contributions by the Trust custodian, the investment consultant will review the Trust allocation and recommend to the Authority to fill the liquidity allocation first and the remaining investment allocations last.

Risk Tolerances

The Authority recognizes that the objectives of the Trust cannot be achieved without incurring a certain amount of principal volatility. The Trust will be managed in a style that seeks to minimize principal fluctuations over the established time horizon and that is consistent with the Trust's stated objectives.

Performance Expectations

Over the long-term, a rolling five-year period, the investment objectives for this portfolio shall be to achieve an average total annual rate of return that is equal to or greater than the Plan's stated 7% actuarial assumption. The Authority acknowledges that actual returns may vary significantly from these targets on a year to year basis.

Selection of Investment Managers

The Authority, with the assistance of its independent investment consultant, shall select appropriate investment managers to manage the assets of the Trust. Managers must meet the following criteria:

- The Manager must provide historical quarterly performance data compliant with Global Investment Performance Standards (GIPS®), Securities & Exchange Commission ("SEC"), Financial Industry Regulatory Agency ("FINRA") or industry recognized standards, as appropriate.
- The Manager must provide detailed information on the history of the firm, key personnel, support personnel, key clients, and fee schedule (including most-favored-nation clauses). This information can be a copy of a recent Request for Proposal ("RFP") completed by the Manager or regulatory disclosure.
- Where other than common funds such as mutual funds, commingled trusts or partnership agreements are utilized, the Manager must confirm receipt, understanding and adherence to this Policy Statement and any investment specific policies by signing a consent form provided to the Manager prior to investment of Trust assets.
- The investment manager must clearly articulate the investment strategy that will be followed and document that the strategy has been successfully adhered to over time.

Guidelines for Portfolio Holdings

Equities

1) Domestic Equity: Investment in common and preferred stocks shall be limited to securities of domestic (corporations incorporated in the United States) or foreign corporations listed on the New York Stock Exchange, American Stock Exchange, or National Association of Securities Dealers Automated Quotation system. Investments in American Depositary Receipts and publicly traded Real

Estate Investment Trusts are also permitted. Investments in non-dollar denominated equities are prohibited.

Not more than 5% of the total stock portfolio valued at market may be invested in the common stock of any one corporation. Ownership of the shares of one company shall not exceed two (2%) percent of those outstanding. Not more than 20% of stock valued at market may be held in any one industry category. Other than these constraints, there are no quantitative guidelines suggested as to issues, industry or individual security diversification. However, prudent diversification standards should be developed and maintained by the investment manager(s).

2) International Equity: The overall non-U.S. equity allocation should include a diverse global mix of at least 10 countries. The emerging markets exposure as defined by Morgan Stanley Capital International Inc. should be limited to 35% of the non-U.S. portion of the portfolio.

In order to maintain an effective money management structure that is style neutral, the large capitalization growth equity portion of the investment portfolio shall not exceed the large capitalization value equity portion of the portfolio by more than a two-to-one ratio. Conversely, value shall not exceed growth by the same ratio. This same relationship should be followed for the portfolio's small capitalization equity investment managers as well.

Fixed Income

1) Public Fixed Income (Core and Core Plus): Fixed income investments shall be high quality, marketable securities with a preponderance of the investments in (1) U.S. Treasury, federal agencies and U.S. Government guaranteed obligations, and (2) investment grade municipal or corporate issues including convertibles.

Fixed income securities of any one issuer shall not exceed 5% of the total bond portfolio at time of purchase. This does not apply to issues of the U.S. Treasury or other Federal Agencies.

The overall rating of the fixed income assets shall be at least "A", according to one of the three rating agencies (Fitch, Moody's or Standard & Poor's). In cases where the yield spread adequately compensates for additional risk, securities where two of the three rating agencies (Fitch, Moody's or Standard & Poor's) have assigned ratings of Baa3 or BBB- ratings, can be purchased up to a maximum of 20% of total market value of fixed income securities. If the credit quality of any one issue should drop below investment grade (as defined by two of the three rating agencies – Fitch, Moody's and Standard & Poor's), the investment manager should notify the Authority and the investment consultant immediately detailing their plan of action regarding the security.

Active bond management is encouraged and may require transactions that will temporarily lower the return or change the maturity of the portfolio in anticipation of market changes. Holdings of individual securities should be liquid so as not to incur unnecessary transaction costs.

2) Fixed Income (High Yield): The U.S. high yield bond allocation consists of actively managed portfolios that allow external managers to use their skill to invest primarily in non-investment grade fixed income securities while managing credit risk. U.S. high yield bond portfolios may be structured as separate or commingled accounts or a combination of the two. The purpose is for the Trust to

maximize investment return commensurate with the risk taken while protecting capital. Additionally, the expansion of the fixed income opportunity set provides additional diversification benefits to the overall investment portfolio.

3) Fixed Income (Global Bonds): The global bond allocation consists of actively managed portfolios that are externally managed and substantially hedged to the U.S. dollar to mitigate currency risk. Global bond portfolios may be structured as separate or commingled accounts or a combination of the two. The purpose is for the Trust to maximize investment return commensurate with the risk taken while protecting capital. Additionally, the expansion of the fixed income opportunity set provides additional diversification benefits to the overall investment portfolio.

Private Equity and Private Debt

1) Private Equity: The Plan invests in private equity to enhance the investment portfolio return through long-term capital appreciation. Private equity investments are illiquid, and the Trust seeks to be compensated for such illiquidity by earning returns substantially greater than those available from publicly traded equity securities. Private Equity investments typically include investments in leveraged buyout, venture capital, growth equity, distressed debt, and other special situation limited partnerships, generally referred to as “Private Equity Partnerships.”

The portfolio should be diversified by strategy and will also be monitored by other diversification measures including manager, industry, geography, and vintage year. The private equity investments can have a duration of up to 15 years to realize all investment earnings. To maintain an appropriate funded status on a net asset value-basis, the Trust will be required to make periodic commitments to additional eligible vehicles to maintain its asset allocation percentages and vintage-year diversification. The Plan’s staff will work with the Consultant(s) and the Investment Manager(s) to determine appropriate commitment timing and amounts.

2) Private Credit: The Trust may invest in private credit investments. Private credit investments are illiquid, and the Trust seeks to be compensated for such illiquidity by earning returns substantially greater than those available from publicly traded debt securities. Private credit can have a duration of up to 15 years to realize all investment earnings.

Real Assets

1) Public Real Estate: Real Estate Investment Trust (“REITs”): REITs consists of publicly traded securities and/or non-publicly traded private real estate and shall be diversified across a broad array of property types and geographic locations. Investments of this type are designed to provide a stable level of income combined with potential for price appreciation, particularly in periods of unexpected inflation. For private real estate, the illiquid, long-term nature should be considered. For purposes of asset allocation targets and limitations, publicly traded REITs will be categorized as “Other” under the Growth Assets category. Depending on the investment characteristics of a private real estate fund, the fund will be categorized as “Other” under either the Income Assets category, for example, a core real estate fund, or under the Growth Assets category, for example, an opportunistic real estate fund where capital gains are expected to make up a significant portion of the total return.

2) Private Real Estate: The Plan may invest in real assets, including real estate and non fossil fuel infrastructure investments. Real asset investments are illiquid, and the Trust seeks to be compensated for such illiquidity by earning returns substantially greater than those available from publicly traded securities. The role of the Real Estate asset class is to capture excess returns through core and non-core real estate investments and provide a steady stream of cash flows through core investments.

3) Infrastructure: The Plan invests in non fossil fuel infrastructure to enhance the investment portfolio return through long-term capital appreciation. Infrastructure is long term in nature and illiquid. The portfolio should maintain adequate diversification by strategy, vintage year and geographical diversification.

Inflation Hedge Investments

An inflation hedge investment protects the decreased purchasing power of a currency that results from the loss of its value due to rising prices (inflation). Such investing typically includes assets that are expected to maintain or increase in value over a specified period of time. Alternatively, the hedge could take a higher position in assets, which may decrease in value less rapidly than the value of the currency. The Trust may invest in such inflation hedge strategies as TIPS, Real Assets, Commodities or other strategies that protect against the decreasing purchase power of its currency as deemed appropriate by the Committee and Investment Consultant.

Short Term - Cash Equivalents

Includes, but are not limited to, interest-bearing or discount instruments such as money market funds, U.S. Treasury Bills, U.S. Government Agency Discount Notes, corporate-issued commercial paper, bank-issued Certificates of Deposit, bankers' acceptances, and fully collateralized repurchase agreements. For the purposes of the Trust, short-term investments consist primarily of instruments maturing in twelve (12) months or less at time of purchase.

Vehicle Structures

1) Pooled Vehicles: The diversification restrictions for individual stocks and fixed income securities purchased and held in the total portfolio shall not apply to similar investment instruments held in a commingled fund or a SEC registered mutual fund specifically approved by the Authority. Every effort shall be made, to the extent practical, prudent and appropriate, to select commingled funds and/or mutual funds that have investment objectives and policies that are consistent with this Policy. However, given the nature of commingled funds and mutual funds, it is recognized that there may be deviations between this Policy and the objectives of these pooled vehicles. Any commingled fund(s) and/or mutual fund(s) approved by the Authority shall first be reviewed and recommended by the Authority's independent investment consultant and shall be eligible for inclusion in the total portfolio as long as it is in compliance with the Investment Company Act of 1940's diversification requirement.

2) Open End and Closed End Funds: Open end funds are infinite life vehicles that provide liquidity by allowing the investor to contribute or redeem capital, typically on a quarterly basis. Closed end funds are finite life vehicles in which the timing of capital contributions and distributions is at the discretion of the manager, subject to the terms of the operating documents.

3) Limited Partnership Interest: In a limited partnership, the general partner is responsible for managing and investing the partnership's assets. Initially, the partnership's assets consist of cash contributed by the investors, both as limited partners and from the general partner. Legally, unless the partnership is a fund of funds, the relationship between the general partner and limited partners is not primarily one of client/manager, but rather that of partners in an investment venture, although certain fiduciary duties are owed by the general partner to the limited partners. As used herein, however, the term investment manager shall be construed broadly to include the general partner in a limited partnership.

Prohibited Securities

The following securities and transactions are not authorized and shall not be purchased: letter stock and other unregistered securities, commodities or commodity contracts, short sales, margin transactions, and investments in fossil fuel infrastructure. Derivatives, options or futures for the purpose of portfolio leveraging are also prohibited. The purchase of collectibles is also prohibited.

Safekeeping

All securities shall be held by a custodian appointed by the Authority for safekeeping. The custodian shall produce statements at least quarterly listing the name and value of all assets held, and the dates and nature of all transactions. Assets of the Trust held as liquidity or investment reserves shall, at all times, be invested in interest-bearing accounts.

Control Procedures

Independent Investment Consultant

The Authority will appoint a consultant to assist them in the investment process and maintaining their compliance to this Policy. The investment consultant must be independent and registered in good standing with the Securities and Exchange Commission.

Review of Investment Objectives

The OPEB Investment Committee, working with the independent investment consultant, shall review annually the appropriateness of the Policy for achieving the Trust's stated objectives. It is not expected that the Policy will change frequently. In particular, short-term changes in the financial markets should not require an adjustment to the investment policy.

Review of Investment Performance

Manager performance and value add to the portfolio's overarching long-term strategy will be subject for annual review by the consultant and Investment Committee, and will guide the Authority's determination on contracts needing to be considered for renewal. The independent investment consultant shall report on a quarterly basis to the Authority to review the total Trust investment

performance. In addition, the independent investment consultant will be responsible for keeping the Authority advised of any material change in all investment managers' personnel, investment strategy, and other pertinent information potentially affecting performance of all investments.

The independent investment consultant shall compare the investment results on a quarterly basis to appropriate benchmarks, as well as market index returns. Private market investments will be evaluated based on fiduciary standards with reference to ILPA or equivalent standards as appropriate and shall be considered in the context of the relevant risk/reward factors of this asset class. Because of private markets' illiquid nature, the overall private market program (private equity, private debt, private real estate and real assets) will be expected to achieve a premium return above commensurate marketable securities portfolio. Specifically, aggregate private market sub-strategies will be expected to achieve an average internal rate of return that meets or exceeds the benchmark over rolling five-to-ten year periods (a full economic market cycle).

Voting of Proxies

Voting of proxy ballots shall be for the exclusive benefit of the Trust. Unless the Authority or its delegate advisor provides information on how to vote a proxy, the investment managers shall vote the proxies in accordance with this policy on all shareholder issues. Where the Authority has retained an investment manager(s), the Authority will delegate to the investment manager(s) the authority to vote the proxies. The Authority delegates this authority subject to the understanding that the investment manager(s) in voting the proxies will consider only those factors that may affect the value of the Trust's investment and not subordinate the interests of the participants and beneficiaries to unrelated objectives. The Authority will, in addition to monitoring the investment manager(s) with respect to the management of Trust assets, monitor the decisions made and actions taken with regard to proxy voting decisions. The Authority will require the investment manager(s) to maintain accurate records as to proxy voting and report annually to the Authority a summary of all proxy voting decisions made by the investment manager(s) on behalf of the Trust. Investment manager(s) are prohibited from abstaining in voting proxies. Investment manager(s) are expected to be aware of corporate provisions that may adversely affect stockholdings, including but not limited to "golden parachutes," "super majorities," "poison pills," "fair price" provisions, staggered boards of directors, and other tactics. Proxies should be vigorously voted with the interest of preserving or enhancing the security's value.

The investment manager(s) of a commingled trust or mutual fund that holds the assets of the Trust along with assets of other funds with conflicting proxy voting policies must reconcile the conflicting policies to the extent possible and, if necessary, to the extent legally permissible, vote the proxies to reflect the policies in proportion to each fund's interest in the pooled fund.

Execution of Security Trades

The Authority expects that the purchase and sale of all Trust securities shall be made in a manner designed to receive the combination of best price and execution. All transactions are to be governed by negotiation to achieve "best execution" (best price net of commissions). The lowest commission rate need not mean "best execution." Firms which offer research services may be given preference as long as the principle of "best realized price" and the investment manager(s)'s option to "pay up" for research are compatible.

Adoption of Investment Policy Statement

This Policy is not immutable, but any changes or exceptions to it will be in writing and delivered to each investment manager.

Amended as of [March 31, 2020] by the Power Authority of the State of New York

POWER AUTHORITY OF THE STATE OF NEW YORK

**PROPOSED ISSUANCE OF ONE OR MORE SERIES OF
2020 REVENUE BONDS, PROPOSED AMENDMENT OF EXISTING
RESOLUTIONS REGARDING COMMERCIAL PAPER NOTES,
PROPOSED AMENDMENT OF REVOLVING CREDIT AGREEMENT
RELATING TO COMMERCIAL PAPER NOTES AND RELATED
ACTIONS AND APPROVALS**

WHEREAS, the Authority proposes to issue multiple series of Revenue Bonds (the “Series 2020 Bonds”), simultaneously or at different times in an aggregate principal amount of not more than \$950,000,000 for the following purposes: (i) refunding all or a portion of the Commercial Paper Notes (the “Interim Notes”) issued by the Authority to refund the Authority’s Series 2007 A Revenue Bonds and Series 2007 C Revenue Bonds; (ii) refunding all or a portion of the Authority’s Series 2011 A Revenue Bonds, (iii) financing and reimbursing capital expenditures and construction work in progress for the period 2017 - 2019 related to NYPA’s Transmission Assets, the St. Lawrence generation facility, the Niagara generation and Lewiston pump assets and other generation and asset expenditures, (iv) financing and reimbursing expenditures incurred and to be incurred pursuant to the Authority’s 2020-2023 Approved Budget and Financial Plan for Power Generation, Transmission, Energy Solutions and Information Technology improvements, and (v) paying and reimbursing financing costs related to the issuance of the Authority’s debt obligations, including underwriters’ discount, structuring fees, any insurance premiums, credit enhancement or liquidity fees related to obtaining any municipal bond insurance policy, other credit enhancement or liquidity facilities determined to be necessary or desirable, swap terminations and other costs incurred by the Authority in connection therewith;

WHEREAS, on February 24, 1998, the Authority adopted its General Resolution Authorizing Revenue Obligations (the “General Bond Resolution”), which, consistent with the Power Authority Act, Title 1 of Article 5 of the Public Authorities Law, Chapter 43-A of the Consolidated Laws of the State of New York, as amended from time to time, authorizes special obligations of the Authority (hereinafter “Bonds”), in accordance with the terms thereof for any lawful purpose;

WHEREAS, the General Bond Resolution requires that the issuance of each series of Bonds by the Authority shall be authorized by a supplemental resolution or resolutions of the Authority adopted at or prior to the time of issuance, subject

to further delegation to certain officers to establish the details of the terms of such Bonds;

WHEREAS, the Authority adopted an Eleventh Supplemental Bond Resolution to the General Bond Resolution on November 7, 2016 (the “2016 Supplemental Resolution”) authorizing the issuance of one or more series of Bonds to finance certain of the purposes and costs now proposed to be financed, but no Bonds were issued thereunder:

WHEREAS, duly authorized officers of the Authority have caused to be prepared and submitted to the Trustees an amended and restated form of the 2016 Supplemental Resolution (such amended and restated form of Supplemental Resolution being hereinafter referred to as the “Eleventh Supplemental Resolution”), attached to this resolution as **Exhibit A-1**, which authorizes the issuance of one or more series of Series 2020 Bonds for the purposes of implementing the associated plan of finance;

WHEREAS, implementation of any financing will depend upon market conditions, final decisions as to which particular costs will be funded and other factors, and as a result thereof, the Authority may issue the Series 2020 Bonds as fixed rate or variable rate bonds, as tax-exempt or taxable bonds, or as combinations thereof;

WHEREAS, to the extent that Series 2020 Bonds are issued bearing fixed rates, such Series 2020 Bonds, at the date of their issuance, shall have a true interest cost not to exceed 6.00 percent, and to the extent that any Series 2020 Bonds are issued bearing variable rates, the initial rate or rates applicable to such Series 2020 Bonds at the date of their issuance shall not exceed 6.00 percent;

WHEREAS, it is anticipated that one or more contracts of purchase may be entered into with underwriters selected by the Chairman, President and Chief Executive Officer, Executive Vice President and Chief Financial Officer, or Treasurer (each a “Designated Officer”) from a prequalified underwriting pool of Senior Managers, Co-Managers and Selling Group members approved by the Trustees at the March 31, 2020, Board Meeting (the “Prequalified Underwriting Pool”) which contracts of purchase will be in substantially the form of the Contract of Purchase previously entered into in connection with the sale of the Authority’s Series 2015 A Revenue Bonds (the “Series 2015 Bonds”), and in the event that one or more private placement, financing, or forward purchase or delivery agreements may be entered into, with such changes, insertions, deletions, amendments and

supplements as any Designated Officer may approve, subject to the requirements of the Eleventh Supplemental Resolution;

WHEREAS, it is anticipated that one or more series of the Series 2020 Bonds may be issued as “green bonds”;

WHEREAS, a Preliminary Official Statement relating to the Series 2020 Bonds is expected to be made available to potential purchasers of the Series 2020 Bonds, a draft form of which is attached to this resolution as **Exhibit A-2**;

WHEREAS, the Authority entered into that certain 2019 Revolving Credit Agreement, dated as of January 16, 2019, among the Authority, the banks identified therein (the “Banks”) and JP Morgan Chase Bank, N.A., as administrative agent (the “Administrative Agent”);

WHEREAS, in addition, the Authority entered into that certain Amendment No. 1, dated as of November 8, 2019 to the 2019 Revolving Credit Agreement referred to above among the Banks and the Administrative Agent (as amended, the “2019 Revolving Credit Agreement”);

WHEREAS, pursuant to the Existing Resolutions, as such term is defined in the 2019 Revolving Credit Agreement, the Authority authorized, among other actions, the issuance of certain series of commercial paper notes including Series 1 Notes, Series 2 Notes, Series 3 Notes, Series 4 Notes and Extended Municipal Commercial Paper Notes, as each such term is defined in the Revolving Credit Agreement (collectively “CP Notes”) and established certain terms and conditions applicable to each such series;

WHEREAS, each of the Existing Resolutions relating to CP Notes provides that the purposes for which CP Notes may be issued and the proceeds of the sale of CP Notes shall be applied may be revised for other purposes subsequently approved by the Authority’s Trustees;

WHEREAS, in order to enhance the Authority’s financial flexibility, the Authority proposes amend the Existing Resolutions relating to CP Notes to expand the permissible uses of CP Notes to include any corporate purpose of the Authority;

WHEREAS, in addition, the Authority proposes to further amend the 2019 Revolving Credit Agreement to expand the purposes for which the Authority may borrow amounts thereunder, increase the amount that the Authority may borrow thereunder, revise the terms and conditions upon which amounts borrowed

thereunder may be repaid, and otherwise negotiate and revise the terms of the 2019 Revolving Credit Agreement to benefit the Authority;

WHEREAS, to the extent one or more of the Banks or the Administrative Agent are unable or unwilling to accommodate the Authority's proposed revisions, the Authority proposes to enter into a separate revolving credit or term loan agreement with one or more Banks or other financial institutions authorized by the Trustees to enter into such transactions with the Authority to achieve such purposes;

WHEREAS, the Finance Committee of the Trustees has reviewed and considered the proposed issuance of the Series 2020 Bonds and the associated plan of finance and has recommended the approval thereof; and

WHEREAS, the Finance Committee of the Trustees has reviewed and considered the proposed revisions regarding CP Notes and the 2019 Revolving Credit Agreement and the associated plan of finance and has recommended the approval thereof.

NOW THEREFORE BE IT RESOLVED AS FOLLOWS:

Section 1. One or more series of the Series 2020 Bonds shall be sold, subject to the limitations described below, to underwriters selected by a Designated Officer from the Prequalified Underwriting Pool, or privately placed with one or more investors or financial institutions, at such prices, with accrued interest, if any, on such Bonds from the date of issue of said Bonds to the date of delivery and payment for said Bonds, as any Designated Officer may approve and as will be in compliance with the requirements of the Eleventh Supplemental Resolution, and pursuant to a Contract of Purchase or a placement, financing, or forward purchase or delivery agreement, and upon the basis of the representations therein set forth.

Section 2. The Designated Officers shall be, and each of them hereby is, authorized on behalf of the Authority, subject to the limitations described below, to execute one or more Contracts of Purchase substantially in the form entered into in connection with the Series 2015 Bonds, providing for the sale of one or more series of the Bonds to said purchasers, and in the event that one or more placement, financing, loan, or forward purchase or delivery agreements with one or more investors or financial institutions may be entered into, with such changes, insertions, deletions, amendments and supplements as any Designated Officer may approve, subject to the requirements of the Eleventh Supplemental Resolution, and to deliver it to said purchasers; and that said officers and all other officers of the

Authority are each hereby authorized and directed to carry out or cause to be carried out all obligations of the Authority set forth in said Contracts of Purchase or placement, financing, loan or forward purchase or delivery agreements upon execution thereof and that the execution of the Contracts of Purchase or placement, financing, loan or forward purchase or delivery agreements relating to the Series 2020 Bonds by any of said authorized officers be conclusive evidence that any conditions imposed by the Trustees have been satisfied and the sale and issuance of the Series 2020 Bonds has been authorized by the Authority's Board of Trustees.

Section 3. The Eleventh Supplemental Resolution in the form presented to this meeting (attached hereto as **Exhibit A-1**) and made a part of this resolution as though set forth in full herein, is hereby approved and adopted. The Designated Officers shall be, and each of them hereby is, authorized on behalf of the Authority to deliver the Eleventh Supplemental Resolution to the Trustee (as defined in the General Resolution), with such amendments, supplements, changes, insertions and omissions thereto as may be approved by the Chairman or the President and Chief Executive Officer, which amendments, supplements, insertions and omissions shall be deemed to be part of such resolution as approved and adopted hereby.

Section 4. The Designated Officers shall be, and each of them hereby is, authorized to make such changes, insertions, deletions, amendments and supplements, to or from the draft form of the Preliminary Official Statement relating to the Series 2020 Bonds (attached hereto as **Exhibit A-2**) as may be approved by any such officer, including, without limitation, such modifications as are necessary to conform such document to the Authority's Annual 2019 Financial Report and the Authority's 2020-2023 Approved Budget and Financial Plan, and upon the completion of any such modifications, such officer is authorized to execute such certificates as may be requested by the underwriters to certify on behalf of the Authority that such Preliminary Official Statement is "deemed final" for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934, subject to the omission of such information as is permitted by such Rule. The distribution of one or more Preliminary Official Statements relating to the Series 2020 Bonds to all interested persons in connection with the sale of such Bonds is hereby approved.

Section 5. The Designated Officers shall be, and each of them hereby is, authorized to adopt and execute on behalf of the Authority one or more final Official Statements or private placement memoranda of the Authority relating to the Series 2020 Bonds, in such form and substance as such officer deems necessary or desirable, and the delivery of each said Official Statement or placement memorandum to the purchasers of said Bonds is hereby authorized, and the

Authority hereby authorizes each said Official Statement or placement memorandum and the information contained therein to be used in connection with the sale and delivery of the Series 2020 Bonds.

Section 6. If it is determined to be necessary or advisable, the Designated Officers shall be, and each of them hereby is, authorized on behalf of the Authority to obtain one or more bond insurance policies, credit enhancement facilities or liquidity facilities for each series of the Series 2020 Bonds with such terms and conditions as such officer deems necessary or advisable, and which a Designated Officer may select, covering scheduled payments of principal of and interest on such Bonds, including mandatory sinking fund redemption payments.

Section 7. If it is determined to be necessary or advisable, the Designated Officers shall be, and each of them hereby is, authorized on behalf of the Authority to enter into one or more interest rate exchange agreements relating to any Series 2020 Bonds in a notional amount not greater than the principal amount of the related Series 2020 Bonds, with such terms and conditions and with such counterparties as such officer deems necessary or advisable.

Section 8. The Designated Officers and all other officers of the Authority shall be, and each of them hereby is, authorized and directed, for and in the name and on behalf of the Authority, to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements and other documents, including but not limited to those actions, certificates, agreements and other documents described in the Eleventh Supplemental Resolution; the Contracts of Purchase; any placement, financing, loan or forward purchase or delivery agreements; and the other documents approved today or required in connection with the obtaining of one or more bond insurance policies, credit enhancement facilities, or liquidity facilities, which they, or any of them, may deem necessary or advisable in order to (i) consummate the lawful sale, issuance and delivery of the Series 2020 Bonds; (ii) implement any action permitted to be taken by the Authority under the Eleventh Supplemental Resolution; the Contracts of Purchase; any placement, financing, or forward purchase or delivery agreements; and the other agreements and documents approved today following the issuance of the Series 2020 Bonds; and (iii) effectuate the purposes of the transactions and documents approved today.

Section 9. The Bank of New York Mellon is hereby appointed as Registrar and Paying Agent for the Series 2020 Bonds under the General Resolution and as escrow agent for the Refunded Bonds if an escrow account is established for such Refunded Bonds.

Section 10. The Designated Officers shall be, and each of them hereby is, authorized to execute one or more Continuing Disclosure Agreements relating to the Series 2020 Bonds between the Authority and The Bank of New York Mellon, as Trustee under the General Resolution, in substantially the form of the continuing disclosure agreement attached to the draft Preliminary Official Statement presented to this meeting, each with such changes, insertions, deletions, and supplements, as such authorized executing officer deems in his or her discretion to be necessary or appropriate, such execution to be conclusive evidence of such approval.

Section 11. The Existing Resolutions relating to CP Notes are hereby each amended and supplemented to provide that CP Notes may be issued, and the proceeds of each series of CP Notes shall be applied for the payment of any capital expenditures, operating expenses or any other lawful corporate purpose of the Authority.

Section 12. The Designated Officers shall be, and each of them hereby is, authorized on behalf of the Authority, subject to the limitations described below, to execute amendments to the 2019 Revolving Credit Agreement (a) increasing the borrowing capacity thereunder by not more than an additional \$250,000,000, (b) acknowledging that the Existing Resolutions relating to CP Notes have been amended and supplemented as set forth in Section 11 above and that amounts available thereunder may be borrowed for the Authority's general corporate purposes, (c) extending the term by which amounts borrowed thereunder may be repaid to a date not longer than 15 years from the date of such borrowing, and (d) otherwise renegotiating and revising the terms of the 2019 Revolving Credit Agreement to benefit the Authority; and that said officers and all other officers of the Authority are each hereby authorized and directed to carry out or cause to be carried out all obligations of the Authority set forth in said amendments upon execution thereof and subject to approval as to the form thereof by the Executive Vice President and General Counsel.

Section 13. In the event one or more of the Banks or the Administrative Agent is unwilling or unable to accommodate the Authority's request for the amendments described above, the Designated Officers shall be, and each of them is hereby authorized on behalf of the Authority, execute one or more separate revolving credit or term loan agreements with one or more of the Banks and or the Administrative Agent or other financial institutions authorized by the Trustees to enter into such transactions with the Authority subject to the limitations set forth above subject to approval as to the form thereof by the Executive Vice President and General Counsel.

Section 11. The Designated Officers, and all other officers of the Authority shall be, and each of them hereby is, authorized and directed, for and in the name and on behalf of the Authority, to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements and other documents, which they, or any of them, may deem necessary or advisable in order to effectuate the foregoing resolutions.

EXHIBITS

- Exhibit A-1: Eleventh Supplemental Resolution Authorizing Series 2020 Bonds, as amended and restated
- Exhibit A-2: Draft of Preliminary Official Statement relating to the Series 2020 Bonds

**POWER AUTHORITY OF THE STATE
OF NEW YORK**

ELEVENTH SUPPLEMENTAL RESOLUTION

authorizing

REVENUE BONDS

Adopted on November 7, 2016, as amended and restated March 31, 2020

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ELEVENTH SUPPLEMENTAL RESOLUTION

authorizing

REVENUE BONDS

BE IT RESOLVED by the Trustees of the Power Authority of the State of New York (the “Authority”) as follows:

ARTICLE I

DEFINITIONS AND STATUTORY AUTHORITY

101. Supplemental Resolution; Authority. This resolution, adopted on November 7, 2016, as amended and restated on March 31, 2020 (“**Eleventh Supplemental Resolution**”), is supplemental to, and is adopted in accordance with Article VIII of a resolution adopted by the Authority on February 24, 1998, entitled “General Resolution Authorizing Revenue Obligations” (“**General Resolution**” and, as heretofore amended and supplemented and collectively with the Eleventh Supplemental Resolution, the “**Resolution**”), and is adopted pursuant to the provisions of the Act.

102. Definitions. (a) All terms which are defined in Section 101 of the General Resolution shall have the same meanings for purposes of this Eleventh Supplemental Resolution.

(b) In this Eleventh Supplemental Resolution:

“**Beneficial Owner**” means, for any Bond which is held by a nominee, the beneficial owner of such Bond.

“**Bonds,**” “**Bonds of a Series,**” or “**Bonds of any Series**” and words of like import shall mean each or all of a Series of Bonds issued pursuant hereto collectively, as the context may require.

“**Certificate of Determination**” means any certificate of the Chairman, President and Chief Executive Officer, Executive Vice President and Chief Financial Officer or Treasurer of the Authority delivered pursuant to Section 204 of this Eleventh Supplemental Resolution, setting forth certain terms and provisions of the Bonds.

“**Commercial Paper Rate,**” with respect to Bonds of a Series, has the meaning set forth in the applicable Certificate of Determination.

“**Commercial Paper Rate Mode**” means the mode during which Bonds of a Series bear interest at a Commercial Paper Rate in accordance with the applicable Certificate of Determination.

“Credit Facility” means, with respect to any Series of the Bonds, a Credit Facility as defined in the General Resolution.

“Credit Facility Issuer” means the issuer of the Credit Facility specified in Section 308 hereof.

“Daily Rate,” with respect to Bonds of a Series, has the meaning set forth in the applicable Certificate of Determination.

“Daily Rate Mode” means the mode during which Bonds of a Series bear interest at a Daily Rate in accordance with the applicable Certificate of Determination.

“Depository Participant” means any Person for which the Securities Depository holds Bonds as securities depository.

“DTC” means The Depository Trust Company, New York, New York, or its successors.

“Escrow Agent” means any escrow agent for the Interim Notes or the Series 2011 A Revenue Bonds and its successor or successors and any other person which may at any time be substituted in its place.

“Fiduciary” or **“Fiduciaries”** means any Fiduciary (as defined in the General Resolution) and any Tender Agent, or any or all of them, as may be appropriate.

“Fixed Rate” means an interest rate fixed to the Maturity Date of the Bonds of a Series.

“Fixed Rate Mode” means the mode during which Bonds of a Series bear interest at a Fixed Rate in accordance with the applicable Certificate of Determination.

“Interest Period,” with respect to a Series of Bonds, has the meaning set forth in the applicable Certificate of Determination.

“Interim Notes” means the Authority’s Commercial Paper Notes issued to refund the Authority’s 2007 A Revenue Bonds and 2007 C Revenue Bonds or to renew such Commercial Paper Notes

“Liquidity Facility” means any standby bond purchase agreement, letter of credit or similar obligation, arrangement or instrument issued or provided by a bank, insurance company or other financial institution which provides for payment of all or a portion of the Purchase Price (including accrued interest) of the Bonds of any Series that may be obtained by the Authority pursuant to Section 308 hereof.

“Liquidity Facility Issuer” means the issuer of a Liquidity Facility.

“Mandatory Purchase Date” for any Series of Bonds, means any date specified as such in the applicable Certificate of Determination.

“Maturity Date” means, with respect to any Bond, the final date specified therefor in the applicable Certificate of Determination, which shall not be later than forty years after the date of issuance.

“Maximum Rate” means for Bonds of a Series, such rate as may be specified in the applicable Certificate of Determination; provided, however, that in no event shall the Maximum Rate exceed the maximum rate permitted by applicable law.

“Mode” means the Daily Rate Mode, Term Rate Mode, the Weekly Rate Mode, the Fixed Rate Mode or any other method of determining the interest rate applicable to Bond of a Series permitted under the applicable Certificate of Determination.

“Mode Change Date” means, with respect to Bonds of a Series, the date one Mode terminates and another Mode begins.

“Purchase Date” for Bonds of a Series shall have the meaning set forth in the applicable Certificate of Determination.

“Purchase Fund” means a fund by that name that may be established by a Certificate of Determination pursuant to Section 303 hereof.

“Purchase Price” means the price at which Bonds subject to optional or mandatory tender for purchase are to be purchased as may be provided in the Certificate of Determination.

“Remarketing Agent” means the remarketing agent at the time serving as such for the Bonds of a Series (or portion thereof) pursuant to Section 402 hereof.

“Series 2020 Bonds” shall mean all the Bonds delivered on issuance in a transaction as identified pursuant to Sections 201 and 203 hereof or as identified in the Certificate of Determination regardless of variations in maturity, interest rate, or other provisions.

“Securities Depository” shall mean DTC as the Securities Depository appointed pursuant to Section 203(f) hereof, or any substitute Securities Depository, or any successor to DTC or any substitute Securities Depository.

“Tender Agent” means the Trustee as tender agent appointed for the Bonds pursuant to Section 403 hereof.

“Term Rate,” with respect to Bonds of a Series (or portion thereof), has the meaning set forth in the applicable Certificate of Determination.

“Term Rate Mode” means the mode during which Bonds of a Series (or portion thereof) bear interest at a Term Rate in accordance with the applicable Certificate of Determination.

“Weekly Rate,” with respect to Bonds of a Series, has the meaning set forth in the applicable Certificate of Determination.

“Weekly Rate Mode” means the mode during which Bonds of a Series bear interest at a Weekly Rate in accordance with the applicable Certificate of Determination.

ARTICLE II

AUTHORIZATION OF BONDS

201. Principal Amount, Designation and Series. Pursuant to the provisions of the General Resolution, one or more Series of Obligations entitled to the benefit, protection and security of such provisions are hereby authorized with the following designations, or such other designations as shall be set forth in the Certificate of Determination: the “Series 2020 A Revenue Bonds”, the “Series 2020 B Revenue Bonds”, the “Series 2020 C Revenue Bonds” and the “Series 2020 D Revenue Bonds.” The aggregate principal amount of each Series of Bonds shall be set forth in the Certificate of Determination relating to the respective Bonds; provided that the aggregate principal amount of such Bonds shall not exceed \$950,000,000. Individual maturities of the Bonds or portions thereof may bear such additional designations, if any, as may be set forth in the related Certificate of Determination. To the extent so provided in the applicable Certificate of Determination, any such Obligations may alternatively be designated as “Notes” and any reference herein to a Series of Bonds shall also refer to Obligations designated as Notes. In the event that any Series of Bonds is not issued in calendar year 2020, the applicable Certificate of Determination may (i) redesignate the year and Series of such Bonds and (ii) make any other conforming changes deemed necessary or appropriate to reflect the year of issuance. Each Series shall initially bear interest in accordance with the Mode as may be provided by the applicable Certificate of Determination.

202. Purposes. (a) The purposes for which the Bonds of any Series are to be issued shall include such of the following as shall be specified in the applicable Certificate of Determination:

- (i) refunding all or a portion of the Interim Notes;
- (ii) refunding all or a portion of the Authority’s Series 2011 A Revenue Bonds,
- (iii) financing and reimbursing capital expenditures and construction work in progress for the period 2017 - 2019 related to NYPA’s Transmission Assets, the St. Lawrence generation facility, the Niagara generation and Lewiston pump assets and other generation and asset expenditures,
- (iv) financing expenditures incurred and to be incurred pursuant to the Authority’s 2020-2023 Approved Budget and Financial Plan for Power Generation, Transmission, Energy Solutions and IT improvements,
- (v) pay financing costs related to the issuance of the Authority’s debt obligations, including underwriters’ discount, structuring fees, any insurance premiums, credit enhancement or liquidity fees related to obtaining any municipal bond insurance policy, other credit enhancement or liquidity facilities determined to be necessary or desirable, swap terminations and other costs incurred by the Authority in connection therewith.

(b) Such portion of the proceeds of any Series of Bonds as may be specified in the applicable Certificate of Determination shall be applied for the purposes specified in subsection (a). All such proceeds shall be deposited and applied in accordance with the applicable Certificate of Determination.

203. Details of the Bonds. The following provisions set forth the details of the Bonds.

(a) Dates, Maturities and Interest. The Bonds of each Series shall be dated, shall mature and shall bear interest from the date as may be specified by the Chairman, President and Chief Executive Officer, Executive Vice President and Chief Financial Officer or the Treasurer of the Authority in the applicable Certificate of Determination pursuant to Section 204 hereof. Interest on the Bonds shall be payable semiannually (or at such other frequency as may be specified in the applicable Certificate of Determination) on the interest payment dates and at the respective rates per annum specified in the applicable Certificate of Determination. The Bonds shall be Tax-Exempt Obligations or Taxable Obligations, as specified in the Certificate of Determination. Interest on the Bonds shall be calculated as provided in the applicable Certificate of Determination.

The interest rates for the Bonds of a Series contained in the records of the Trustee shall be conclusive and binding, absent manifest error, upon the Authority, the Remarketing Agent, the Tender Agent, the Trustee, the Liquidity Facility Issuer, the Credit Facility Issuer, and the Owners.

The interest rate applicable during any Mode (other than a Fixed Rate determined on or prior to the date of issuance of the related Bonds) shall be determined in accordance with the applicable Certificate of Determination. Except as otherwise provided in the applicable Certificate of Determination, any such rate shall be the minimum rate that, in the sole judgment of the Remarketing Agent, would result in a sale of the Bonds of the Series at a price equal to the principal amount thereof on the date on which the interest rate on such Bonds is required to be determined in accordance with the applicable Certificate of Determination, taking into consideration the duration of the Interest Period, which shall be established by the Authority.

(b) Denominations. Except as otherwise provided in the applicable Certificate of Determination, the Bonds shall be issued in the form of fully registered Bonds in the denomination of \$5,000 or any integral multiple of \$5,000.

(c) Designations. Unless the Authority shall otherwise direct, the Bonds shall be issued in series, and shall be labeled as follows: The Bonds shall be lettered “2020 A”, “2020 B”, “2020 C” and “2020 D” depending on their respective series, and numbered consecutively from one upward as more particularly set forth in the applicable Certificate of Determination.

(d) Payment of Principal and Interest. Principal and Redemption Price of each Bond shall be payable at the Principal Office of the Trustee upon presentation and surrender of such Bond.

The Trustee shall indicate on the Bonds the date of their authentication as provided in Section 205 hereof. Interest on the Bonds shall be payable from the interest payment date next preceding the date of authentication to which interest shall have been paid, unless such date of authentication is an interest payment date, in which case from such date if interest has been paid to such date; provided, however, that interest shall be payable on the Bonds from such date as may be specified by the Chairman, President and Chief Executive Officer, the Executive Vice President and Chief Financial Officer or the Treasurer of the Authority pursuant to Section 204 hereof, if the date of authentication is prior to the first interest payment date therefor. Interest on the Bonds shall be payable on the interest payment dates specified in the applicable Certificate of Determination to the registered owner as of the close of business on the Record Date specified in the applicable Certificate of Determination, such interest to be paid by the Trustee by check mailed to the registered owner at his or her address as it appears on the books of registry; provided, however, that upon redemption of any Bond, the accrued interest payable upon redemption shall be payable at the Principal Office of the Trustee upon presentation and surrender of such Bond, unless the redemption date is an interest payment date, in which event the interest on such Bond so redeemed shall be paid by the Trustee by check mailed to the registered owner at his address as it appears on the books of registry.

The principal or Redemption Price of and interest on the Bonds shall also be payable at any other place which may be provided for such payment by the appointment of any other Paying Agent or Paying Agents as permitted by the General Resolution.

The foregoing provisions of this subsection (d) shall be subject to the provisions of subsection (f) of this Section.

The principal of and premium, if any, and interest on the Bonds shall be payable in any coin or currency of the United States of America which at the time of payment is legal tender for public and private debts.

(e) Trustee, Registrar, Paying Agent and Escrow Agent. The Bank of New York Mellon is the successor Trustee for the Obligations pursuant to Section 712 of the General Resolution. The Trustee is also hereby appointed as the Registrar and Paying Agent for the Bonds and, to the extent an escrow account is established in connection with the refunding of the Interim Notes and/or the Authority's Series 2011 A Revenue Bonds, shall be the Escrow Agent with respect thereto.

(f) Securities Depository. The Bonds when initially issued shall be registered in the name of Cede & Co., as nominee of DTC, in the form of a single fully registered Bond for each maturity of the Bonds with a different interest rate applicable thereto. DTC is hereby appointed initial Securities Depository for the Bonds, subject to the provisions of subsection (g) of this Section. So long as DTC or its nominee, as Securities Depository, is

the registered owner of Bonds, individual purchases of beneficial ownership interests in Bonds may be made only in book-entry form by or through DTC participants, and purchasers of such beneficial ownership interests in Bonds will not receive physical delivery of bond certificates representing the beneficial ownership interests purchased.

So long as DTC or its nominee, as Securities Depository, is the registered owner of Bonds, payments of principal of and premium, if any, and interest on such Bonds will be made by wire transfer to DTC or its nominee, or otherwise as may be agreed upon by the Authority, the Trustee and DTC. Transfers of principal, premium, if any, and interest payments to DTC participants will be the responsibility of DTC. Transfers of such payments to Beneficial Owners of Bonds by DTC participants will be the responsibility of such participants and other nominees of such Beneficial Owners.

So long as DTC or its nominee, as Securities Depository, is the registered owner of Bonds, the Authority shall send, or cause the Trustee to send, or take timely action to permit the Trustee to send, to DTC notice of redemption of such Bonds and any other notice required to be given to registered owners of such Bonds pursuant to the Resolution, in the manner and at the times prescribed by the Resolution, except as may be agreed upon by the Authority, the Trustee (if applicable) and DTC.

Neither the Authority nor any Fiduciary shall have any responsibility or obligation to the DTC participants, Beneficial Owners or other nominees of such Beneficial Owners for (1) sending transaction statements; (2) maintaining, supervising or reviewing the accuracy of, any records maintained by DTC or any DTC participant or other nominees of such Beneficial Owners; (3) payment or the timeliness of payment by DTC to any DTC participant, or by any DTC participant or other nominees of Beneficial Owners to any Beneficial Owner, of any amount due in respect of the principal of or redemption premium, if any, or interest on Bonds; (4) delivery or timely delivery by DTC to any DTC participant, or by any DTC participant or other nominees of Beneficial Owners to any Beneficial Owners, of any notice (including notice of redemption) or other communication which is required or permitted under the terms of the Resolution to be given to holders or owners of Bonds; (5) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of Bonds; or (6) any action taken by DTC or its nominee as the registered owner of the Bonds.

Notwithstanding any other provisions of this Eleventh Supplemental Resolution to the contrary, the Authority, the Registrar, Paying Agent, and the Trustee shall be entitled to treat and consider the person in whose name each Bond is registered in the books of registry as the absolute owner of such Bond for the purpose of payment of principal, Redemption Price, and interest with respect to such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Trustee shall pay all principal and Redemption Price of and interest on the Bonds only to or upon the order of the respective owners, as shown in the books of registry as provided in this Eleventh Supplemental Resolution, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and

discharge the Authority's obligations with respect to payment of principal and Redemption Price of and interest on such Bonds to the extent of the sum or sums so paid.

Notwithstanding any other provisions of this Eleventh Supplemental Resolution to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal and Redemption Price of, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, pursuant to DTC's rules and procedures.

Payments by the DTC participants to Beneficial Owners will be governed by standing instructions and customary practices, as is now the case with municipal securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such DTC participant and not of DTC, the Trustee or the Authority, subject to any statutory and regulatory requirements as may be in effect from time to time.

Provisions similar to those contained in this subsection (f) may be made by the Authority in connection with the appointment by the Authority of a substitute Securities Depository, or in the event of a successor to any Securities Depository.

Authorized Officers are hereby authorized to enter into such representations and agreements as they deem necessary and appropriate in furtherance of the provisions of this subsection (f).

(g) Replacement Bonds. The Authority shall issue Bond certificates (the "Replacement Bonds") directly to the Beneficial Owners of the Bonds, or their nominees, in the event that DTC determines to discontinue providing its services with respect to the Bonds, at any time by giving notice to the Authority, and the Authority fails to appoint another qualified Securities Depository to replace DTC. In addition, the Authority also shall issue Replacement Bonds directly to the Beneficial Owners of the Bonds, or their nominees, in the event the Authority discontinues use of DTC as Securities Depository at any time upon determination by the Authority, in its sole discretion and without the consent of any other person, that Beneficial Owners of the Bonds shall be able to obtain certificated Bonds.

(h) Notices. In connection with any notice of redemption provided in accordance with Section 405 of the General Resolution, notice of such redemption shall also be sent by the Trustee by first class mail, overnight delivery service or other secure overnight means, postage prepaid, to the appropriate Credit Facility Issuer, to any Rating Agency and to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system, in each case not later than the mailing of notice required by the Resolution.

204. Delegation of Authority. (a) There is hereby delegated to the Chairman, President and Chief Executive Officer, Executive Vice President and Chief Financial Officer and the Treasurer of the Authority, and each of them hereby is authorized, subject to the limitations

contained herein, with respect to the Bonds of each Series to determine and effectuate the following:

(i) the principal amount of the Bonds to be issued, provided that the aggregate principal amount of the Bonds to be issued shall not exceed \$950,000,000;

(ii) the date or dates, Maturity Date or dates and principal amount of each maturity of the Bonds, the interest payment date or dates of the Bonds, and the date or dates from which the Bonds shall bear interest;

(iii) the interest rate or rates of the Bonds, which may include Commercial Paper Rates, Daily Rates, Term Rates, Fixed Rates, Weekly Rates, index-based rates, or other interest rate methodologies, provided, however, that (i) to the extent that fixed rate Bonds are issued, such Bonds, at the date of their issuance, shall have a true interest cost not to exceed [four and one-half] percent **[(4.50%)]**, and (ii) to the extent that any variable rate Bonds are issued, the initial rate or rates applicable to such Bonds at the date of their issuance shall not exceed **[four and one-half] percent [(4.50%)]**;

(iv) the sinking fund installments for any term Bond and the methodology to be applied to reduce such installments upon redemption by the Authority, if any, of any such term Bond;

(v) the portions of the proceeds of the Bonds of each Series and the amounts to be deposited and applied in accordance with Section 202 hereof;

(vi) the redemption provisions of the Bonds;

(vii) the tender provisions, if any, of the Bonds;

(viii) whether each Series of such Bonds shall be Tax-Exempt Obligations or Taxable Obligations;

(ix) whether each Series of such Bonds shall be sold by public sale or by placement of such Bonds with one or more investors or financial institutions;

(x) the definitive form or forms of the Bonds and the definitive form or forms of the Trustee's certificate of authentication thereon;

(xi) additional or different designations, if any, for particular maturities of Bonds or portions thereof intended to distinguish such maturities or portions thereof from other Bonds;

(xii) provisions that are deemed necessary or advisable by the Chairman, President and Chief Executive Officer, Executive Vice President and Chief Financial Officer or the Treasurer of the Authority in connection with the implementation and delivery to the Trustee of any Credit Facility or Liquidity Facility;

(xiii) obtaining municipal bond insurance or other Credit Facility or Liquidity Facility related to the Bonds of a Series or any portion thereof, and complying with any commitment therefor including executing and delivering any related agreement with any Credit Facility Issuer or Liquidity Facility Issuer, to the extent that the Chairman, President and Chief Executive Officer, Executive Vice President and Chief Financial Officer or the Treasurer of the Authority determines that to do so would be in the best interest of the Authority; and

(xiv) any other provisions deemed advisable by the Chairman, President and Chief Executive Officer, Executive Vice President and Chief Financial Officer or the Treasurer of the Authority, not in conflict with the provisions hereof or of the General Resolution.

(b) The Chairman, President and Chief Executive Officer, Executive Vice President and Chief Financial Officer or Treasurer of the Authority shall execute one or more certificates evidencing determinations or other actions taken pursuant to the authority granted herein, an executed copy of which shall be delivered to the Trustee. Each such certificate shall be deemed a Certificate of Determination and shall be conclusive evidence of the action or determination of such officer as to the matters stated therein. The provisions of each Certificate of Determination shall be deemed to be incorporated in Article II hereof. No such Certificate of Determination shall, nor shall any amendment to this Eleventh Supplemental Resolution, change or modify any of the rights or obligations of the Credit Facility Issuer without its written assent thereto.

205. Form of Bonds and Trustee's Authentication Certificate. Subject to the provisions of the General Resolution and to any amendment or modifications thereto or insertions therein as may be approved by the Chairman, President and Chief Executive Officer, Executive Vice President and Chief Financial Officer or the Treasurer of the Authority pursuant to Section 204 hereof, the form of the Bonds, form of assignment, and the Trustee's Certificate of Authentication shall be in substantially the form set forth in Appendix A hereto, with necessary or appropriate variations, omissions and insertions as are incidental to their series, numbers, denominations, maturities, interest rate or rates, registration provisions, redemption provisions, status of interest to owners thereof for Federal income tax purposes, and other details thereof and of their form or as are otherwise permitted or required by law or by the Resolution, including this Eleventh Supplemental Resolution. Any portion of the text of any Bond may be set forth on the reverse thereof, with an appropriate reference thereto on the face of such Bond. Bonds may be typewritten, printed, engraved, lithographed or otherwise reproduced.

206. Execution and Authentication of Bonds. Notwithstanding the first sentence of paragraph 1 of Section 303 of the General Resolution, the Bonds shall be executed in the name of the Authority by the manual or facsimile signature of its Chairman, Vice Chairman, President and Chief Executive Officer, Executive Vice President and Chief Financial Officer or Treasurer, and its corporate seal (or a facsimile thereof) shall be affixed, imprinted, engraved or otherwise reproduced, and attested by the manual or facsimile signature of its Vice President and

Corporate Secretary, a Deputy Corporate Secretary, or an Assistant Corporate Secretary, or in such other manner as may be required by law.

ARTICLE III

REDEMPTION AND TENDER OF BONDS

301. **Optional and Sinking Fund Redemption.** Bonds of a Series shall be subject to optional and mandatory redemption as and to the extent and at the times and subject to such conditions, if any, as shall be specified in the applicable Certificate of Determination.

302. **Optional and Mandatory Purchase of Bonds.** The Bonds of a Series shall be subject to optional and mandatory tender for purchase to the extent, at the times and subject to such conditions as shall be set forth in the applicable Certificate of Determination.

303. **Purchase Fund.** A Purchase Fund may be established in a Certificate of Determination in connection with the delivery to the Trustee of a Liquidity Facility, which fund, if established, shall be held by the Tender Agent and may have such separate accounts as shall be established in such Certificate of Determination. Such Purchase Fund and accounts therein may be established for the purpose of depositing moneys obtained from (i) the remarketing of Bonds of a Series which is subject to tender for purchase in accordance with the applicable Certificate of Determination, (ii) draws under a Liquidity Facility and (iii) the Authority. Such deposited moneys shall be used solely to pay the Purchase Price of Bonds of such Series or to reimburse a Liquidity Facility Issuer.

304. **Remarketing of Bonds of a Series; Notices.** The Remarketing Agent for Bonds of a Series shall offer for sale and use its best efforts to find purchasers for all Bonds of such Series required to be tendered for purchase. The applicable Certificate of Determination shall prescribe provisions relating to the notices which shall be furnished by the Remarketing Agent in connection with such remarketing and as to the application of the proceeds of such remarketing.

305. **Source of Funds for Purchase of Bonds of a Series.** (a) Except as may otherwise be provided in the applicable Certificate of Determination, the Purchase Price of the Bonds of a Series on any Purchase Date shall be payable solely from proceeds of remarketing of such Series or proceeds of a related Liquidity Facility (including moneys that are borrowed by the Authority pursuant to a Liquidity Facility), if any, and shall not be payable by the Authority from any other source.

(b) As may be more particularly set forth in the applicable Certificate of Determination, on or before the close of business on the Purchase Date or the Mandatory Purchase Date with respect to Bonds of a Series, the Tender Agent shall purchase such Bonds from the Owners at the Purchase Price. Except as otherwise provided in a Certificate of Determination, funds for the payment of such Purchase Price shall be derived in the order of priority indicated:

(i) immediately available funds transferred by the Remarketing Agent to the Tender Agent derived from the remarketing of the Bonds; and

(ii) immediately available funds transferred by the Liquidity Facility Issuer (or the Authority to the Tender Agent, if the Liquidity Facility permits the Authority to make draws thereon), including, without limitation, amounts available under the Liquidity Facility.

306. Delivery of Bonds. Except as otherwise required or permitted by the book-entry only system of the Securities Depository and in the applicable Certificate of Determination, the Bonds of a Series sold by the Remarketing Agent shall be delivered by the Remarketing Agent to the purchasers of those Bonds at the times and dates prescribed by the applicable Certificate of Determination. The Bonds of a Series purchased with moneys provided by the Authority shall be delivered at the direction of the Authority. The Bonds of a Series purchased with moneys drawn under a Liquidity Facility shall be delivered as provided in such Liquidity Facility.

307. Delivery and Payment for Purchased Bonds of a Series; Undelivered Bonds. Each Certificate of Determination shall provide for the payment of the Purchase Price of purchased bonds of the related Series and shall also make provision for undelivered Bonds.

308. Credit Facility and Liquidity Facility. (a) At any time and subject to such limitations and other provisions as may be set forth in the applicable Certificate of Determination, the Authority may obtain or provide for the delivery to the Trustee of a Liquidity Facility and/or a Credit Facility from a Liquidity Facility Issuer and/or Credit Facility Issuer as may be selected by the Chairman, President and Chief Executive Officer, Executive Vice President and Chief Financial Officer or the Treasurer of the Authority and specified in the applicable Certificate of Determination with respect to the Bonds of any Series.

(b) Each Liquidity Facility shall provide for draws thereon or borrowings thereunder, in the aggregate, in an amount at least equal to the amount required to pay the Purchase Price for the related Bonds of a Series. Except as may otherwise be provided in the applicable Certificate of Determination, the obligation of the Issuer to reimburse the Liquidity Facility Issuer or to pay the fees, charges and expenses of the Liquidity Facility Issuer under the Liquidity Facility shall constitute a Parity Reimbursement Obligation within the meaning of the Resolution and shall be secured by the pledge of and lien on the Trust Estate created by Section 501 of the General Resolution.

ARTICLE IV

ADDITIONAL AUTHORIZATIONS; MISCELLANEOUS

401. Tax Covenant. (a) The Authority shall not take or omit to take any action which would cause interest on any 2020 Series 2020 Bonds which are designated Tax-Exempt Obligations in an applicable Certificate of Determination to be included in the gross income of any Owner thereof for Federal income tax purposes by reason of subsection (b) of Section 103 of the Internal Revenue Code of 1986 (Title 26 of the United States Code) as in effect on the date of original issuance of such Obligations. Without limiting the generality of the foregoing, no part of the proceeds of any Tax-Exempt Obligations or any other funds of the Authority shall be used directly or indirectly to acquire any securities or obligations the acquisition of which would cause any Series of Bonds to be an “arbitrage bond” as defined in section 148 of the Internal Revenue Code of 1986 (Title 26 of the United States Code) as then in effect and to be subject to treatment under subsection (b)(2) of Section 103 of the Code as an obligation not described in subsection (a) of said section. The Authority shall pay to the United States any amounts that are necessary for the purpose of compliance with the provisions of Section 148 of the Code.

(b) Notwithstanding any other provision of the Resolution to the contrary, upon the Authority’s failure to observe, or refusal to comply with, the above covenant in paragraph (a), the Owners, or the Trustee acting on their behalf, shall be entitled only to the right of specific performance of such covenant, and shall not be entitled to any of the other rights and remedies provided under Article X of the General Resolution.

402. Remarketing Agent. The Authority shall appoint and employ the services of a Remarketing Agent prior to any Purchase Date or Mode Change Date while the Bonds of any Series are in the Daily Rate Mode, Weekly Rate Mode, the Term Rate Mode, or the Commercial Paper Mode. The Authority shall have the right to remove the Remarketing Agent as provided in the Remarketing Agreement.

403. Tender Agent. The Authority shall be authorized to and shall appoint and employ the services of the Trustee as Tender Agent pursuant to a Tender Agency Agreement prior to any Purchase Date or Mode Change Date while the Bonds of any Series are in the Daily Rate, Weekly Rate, the Term Rate Mode, or the Commercial Paper Mode. The Authority shall have the right to remove the Tender Agent as provided in the Tender Agency Agreement.

404. Remarketing Agreements and Tender Agency Agreements. The Authority hereby authorizes one or more Remarketing Agreements and Tender Agency Agreements with respect to the Bonds of any Series with such modifications and with such Remarketing Agents and such Tender Agents as any Authorized Officer, upon the advice of counsel to the Authority, approves. Any Authorized Officer of the Authority is hereby authorized to execute and deliver such Remarketing Agreements and such Tender Agency Agreements in connection with the original issuance of the Bonds of any Series or remarketing thereof, which execution and delivery shall be conclusive evidence of the approval of any such modifications.

405. Certain Findings and Determinations. The Trustees hereby find and determine:

(a) The General Resolution has not been amended, supplemented, or repealed since the adoption thereof except by the resolution of the Authority entitled “First Supplemental Resolution Authorizing Series 1998 Revenue Bonds” adopted February 24, 1998, by the resolution of the Authority entitled “Second Supplemental Resolution Authorizing Series 2000 A Revenue Bonds” adopted October 31, 2000, by the resolution of the Authority entitled “Third Supplemental Resolution Amending the General Resolution” adopted June 26, 2001, by the resolution of the Authority entitled “Fourth Supplemental Resolution Authorizing Series 2001 A Revenue Bonds and Series 2002 A Revenue Bonds” adopted September 25, 2001, by the resolution of the Authority entitled “Fifth Supplemental Resolution Authorizing Series 2002 A Revenue Bonds” adopted September 17, 2002, by the resolution of the Authority entitled “Sixth Supplemental Resolution Authorizing Series 2003 A Revenue Bonds” adopted November 25, 2003, by the resolution of the Authority entitled “Seventh Supplemental Resolution Authorizing Series 2005 A and Series 2005 B Revenue Bonds” adopted September 20, 2005, by the resolution of the Authority entitled “Eighth Supplemental Resolution Authorizing Series 2007 A, Series 2007 B, and Series 2007 C Revenue Bonds” adopted September 25, 2007, by the resolution of the Authority entitled “Ninth Supplemental Resolution Authorizing Revenue Bonds” adopted October 26, 2010, and amended and restated July 26, 2011, and by the resolution of the Authority entitled “Tenth Supplemental Resolution Authorizing Revenue Bonds” adopted September 29, 2015. This Eleventh Supplemental Resolution supplements the General Resolution as heretofore amended and supplemented, constitutes and is a “Supplemental Resolution” within the meaning of such quoted term as defined and used in the General Resolution, and is adopted under and pursuant to the General Resolution.

(b) The Bonds constitute and are “Obligations” within the meaning of the quoted word as defined and used in the Resolution.

(c) Any municipal bond insurance policy issued by such municipal bond insurance issuer as may be selected by the Chairman, President and Chief Executive Officer, Executive Vice President and Chief Financial Officer or Treasurer of the Authority and specified in the applicable Certificate of Determination, dated the Closing Date, shall constitute and shall be required to be a “Credit Facility” within the meaning of the quoted words as defined and used in the Resolution. Furthermore, any such municipal bond insurance policy, including any charges, fees, costs and expenses that the Credit Facility Issuer may for any Series of Bonds reasonably incur in the administration of the Credit Facility, respectively, or in the pursuit of any remedies under the Resolution or otherwise afforded by law or equity, shall constitute and shall be required to be a “Subordinated Contract Obligation” within the meaning of the quoted words as defined and used in the Resolution, provided, however, the Credit Facility Issuer shall, to the extent it makes any payment of principal of or interest on the Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Credit Facility.

(d) The Trust Estate is not encumbered by any lien or charge thereon or pledge thereof, other than the parity lien and charge thereon and pledge thereof securing the Outstanding Obligations and Parity Debt, and the subordinate liens and charges thereon and subordinated pledge thereof created by the existing Subordinated Indebtedness and Subordinated Contract Obligations.

(e) There does not exist an “Event of Default” within the meaning of such quoted term as defined in Section 1001 of the General Resolution, nor does there exist any condition which, after the giving of notice or the passage of time, or both, would constitute such an “Event of Default.”

406. Notice to Owners upon Event of Default. (a) If an Event of Default occurs of which the Trustee has or is deemed to have notice under Section 702(c)(6) of the General Resolution, the Trustee shall give by telecopier or other electronic means or by telephone (promptly confirmed in writing) notice thereof to the Authority. Within two Business Days thereafter (unless such Event of Default has been cured or waived), the Trustee shall give notice of such Event of Default to each Owner, provided, however, that except in the instance of an Event of Default under Section 1001(i) or (ii) of the General Resolution, the Trustee may withhold such notice to Owners if and so long as the Trustee in good faith determines that the withholding of such notice is in the interests of Owners, and provided, further, that notice to Owners of any Event of Default under Section 1001(ii) or (iii) of the General Resolution shall not be given until the grace period has expired.

(b) For so long as the Bonds are registered solely in the name of the Securities Depository or its nominee, where the General Resolution provides for notice to the Owners of the Bonds of the existence of, or during the continuance of, any Event of Default, the Trustee shall: (i) establish a record date (the “Record Date”) for determining the identity of the Persons entitled to receive such notice; (ii) request a securities position listing from the Securities Depository showing the Depository Participants holding positions in the Bonds affected by such notice as of the Record Date for such notice; (iii) send by first-class, postage prepaid mail, copies of the notice as provided above to each Depository Participant identified in the securities position listing as holding a position in the Bonds as of the Record Date for the notice, to the Municipal Securities Rulemaking Board, and to any Person identified to the Trustee as a non-objecting Beneficial Owner (a non-objecting Beneficial Owner is a Person for whom a Depository Participant acts as nominee, and who has not objected to the disclosure of his or her name and security position) pursuant to the immediately following clause; (iv) request that the Depository Participant retransmit the notice to all Persons for which it served as nominee on the Record Date, including non-objecting Beneficial Owners, or retransmit the notice to objecting Beneficial Owners and provide a listing of non-objecting Beneficial Owners for whom the Depository Participant served as nominee on the Record Date to the Trustee and (v) provide as many copies of the notice as may be requested by any nominee owner of the Bonds. Any default in performance of the duties required by this paragraph shall not affect the sufficiency of notice to Owners given in accordance with the provisions of the General Resolution, nor

the validity of any action taken under the General Resolution in reliance on such notice to Owners.

407. Further Authority. The Chairman, Vice Chairman, President and Chief Executive Officer, Executive Vice President and Chief Financial Officer, Treasurer, Executive Vice President and Corporate Secretary, Deputy Corporate Secretary or Assistant Corporate Secretary of the Authority, or any Authorized Officer (as defined in the General Resolution) are each hereby authorized to execute and deliver to the Trustee appointed pursuant to the General Resolution such documents and certifications, including, without limitation, any Credit Facility or Liquidity Facility, as may be necessary to give effect to this Eleventh Supplemental Resolution and the transactions contemplated hereby.

408. Effective Date. This Eleventh Supplemental Resolution shall be fully effective in accordance with its terms upon the filing with the Trustee of a copy hereof certified by an Authorized Officer.

APPENDIX A

[FORM OF BONDS]

No. 2020[A][B] - _____

\$ _____

POWER AUTHORITY OF THE STATE OF NEW YORK

Revenue Bonds, Series 2020 [A][B]

Interest Rate

Maturity Date

CUSIP

**Registered
Owner:**

CEDE & CO.

**Principal
Amount:**

_____ **Dollars**

POWER AUTHORITY OF THE STATE OF NEW YORK (herein called the "Authority"), a body corporate and politic, a political subdivision and a corporate municipal instrumentality of the State of New York, organized and existing under and by virtue of the laws of the State of New York, acknowledges itself indebted to, and for value received hereby promises to pay, but solely from the Trust Estate and not otherwise, to the registered owner specified above or registered assigns, the Principal Amount specified above on the Maturity Date specified above (subject to the right of prior redemption hereinafter mentioned) in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, and to pay to the registered owner hereof interest on such principal sum in like coin or currency and at the rate of interest per annum specified above. This Bond is dated as of _____, 202_, interest on this Bond shall be payable from the _____ or _____ next preceding the date of authentication to which interest shall have been paid, unless such date of authentication is a _____ or _____, in which case from such date if interest has been paid to such date; provided, however, that such interest shall be payable on this Bond from _____, 202_, if the date of authentication is prior to the first interest payment date therefor. Interest on this Bond shall be payable on _____, 20_ and semi-annually thereafter on _____ and _____, in each case to the registered owner as of the close of business on the first day (whether or not a Business Day) of the calendar month in which the interest payment date occurs, such interest to be paid by the Trustee by check mailed to the registered owner at his address as it appears on the books of registry; provided, however, that upon redemption of this Bond, the accrued interest payable upon redemption shall be payable at the Principal Office of the Trustee upon presentation and surrender of this Bond, unless the redemption date is an interest payment date, in which event the interest on this Bond so redeemed shall be paid by the Trustee by check mailed to the registered owner at his address as it appears on the books of registry.

[Description of interest rate determination methodology for any Bonds issued as variable rate Bonds, as specified in the applicable Certificate of Determination, to be inserted here.]

This Bond is one of a duly authorized issue of obligations of the Authority designated as its “Obligations” issued and to be issued in various series under and pursuant to the Power Authority Act, Title 1 of Article 5 of the Public Authorities Law, Chapter 43-A of the Consolidated Laws of the State of New York, as amended (herein called the “Act”), and under and pursuant to a resolution of the Authority adopted on February 24, 1998, entitled “General Resolution Authorizing Revenue Obligations”, and a supplemental resolution of the Authority adopted on November 7, 2020, as amended and restated on March 31, 2020, and entitled “Eleventh Supplemental Resolution Authorizing Revenue Bonds” (herein called the “Eleventh Supplemental Resolution”). Said resolutions are herein collectively called the “Resolution”. Capitalized terms used herein and not otherwise defined herein shall have the meanings provided in the Resolution.

This Bond is one of a series of Obligations of various maturities designated as “Revenue Bonds, Series 2020 [A][B][C][D]” (herein called the “Bonds”) issued in the aggregate principal amount of \$_____ under the Resolution. Copies of the Resolution are on file at the office of the Authority and at the Principal Office of The Bank of New York Mellon, as Trustee under the Resolution, or its successor as Trustee (herein called the “Trustee”), in the Borough of Manhattan, City and State of New York. The Trustee is also the Registrar and Paying Agent for the Bonds.

The Obligations are payable as to principal, Redemption Price, and interest solely from and are equally and ratably secured solely by the Trust Estate, subject to the provisions of the Resolution permitting the application of such Trust Estate to the purposes and on the terms and conditions set forth in the Resolution, including, without limitation, the prior application of Revenues to the payment of Operating Expenses. The principal and Redemption Price of, and interest on, the Obligations shall not be payable from the general funds of the Authority nor shall the Obligations constitute a legal or equitable pledge, charge, lien, or encumbrance upon any of the property or upon any of the income, receipts, or revenues of the Authority, except the Trust Estate.

Reference is hereby made to the Resolution, copies of which are on file in the Principal Office of the Trustee, and to all of the provisions of which any holder of this Bond by his acceptance hereof hereby assents, for definitions of terms; the description of and the nature and extent of the pledge and covenants securing the Obligations, including this Bond; the Revenues and other moneys and securities constituting the Trust Estate pledged to the payment of the principal of and interest on the Obligations issued thereunder; the nature and extent and manner of enforcement of the pledge; the conditions upon which Obligations may hereafter be issued thereunder, payable on a parity from the Trust Estate and equally and ratably secured therewith; the conditions upon which the Resolution may be amended or supplemented with or without the consent of the Owners of the Obligations; the rights and remedies of the Owner hereof with respect hereto and thereto, including the limitations therein contained upon the right of an Owner hereof to institute any suit, action or proceeding in equity or at law with respect hereto and thereto; the rights, duties and obligations of the Authority and the Trustee thereunder; the terms and provisions

upon which the pledges and covenants made therein may be discharged at or prior to the maturity or redemption of this Bond, and the Bond thereafter no longer be secured by the Resolution or be deemed to be Outstanding thereunder, if moneys or certain specified securities shall have been deposited with the Trustee sufficient and held in trust solely for the payment hereof; and for the other terms and provisions thereof.

As provided in the Resolution, Obligations may be issued from time to time pursuant to supplemental resolutions in one or more series, in various principal amounts, may mature at different times, may bear interest at different rates and may otherwise vary as in the Resolution provided. The aggregate principal amount of Obligations which may be issued under the Resolution is not limited except as provided in the Resolution, and all Obligations issued and to be issued under the Resolution are and will be equally secured by the pledge and covenants made therein, except as otherwise expressly provided or permitted in the Resolution.

To the extent and in the manner permitted by the terms of the Resolution, the provisions of the Resolution or any resolution amendatory thereof or supplemental thereto may be modified or amended by the Authority, with the written consent of the Owners of a majority in principal amount of the Obligations then Outstanding, and, in case less than all of the Obligations will be affected thereby, with such consent of the Owners of at least a majority in principal amount of the Obligations so affected then Outstanding, at the time such consent is given; provided, however, that if such modification or amendment will, by its terms, not take effect so long as particular Obligations remain Outstanding, the consent of the Owners of such Obligations shall not be required and such Obligations shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Obligations under the Resolution.

This Bond is transferable, as provided in the Resolution, only upon the books of the Authority kept for that purpose at the above-mentioned office of the Registrar by the Owner hereof in person, or by his attorney duly authorized in writing, upon surrender of the Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the Owner or his duly authorized attorney, and thereupon a new registered Bond or Bonds, and in the same aggregate principal amount, Series, maturity and interest rate shall be issued to the transferee in exchange therefor as provided in the Resolution, and upon payment of the charges therein prescribed. The Authority and each Fiduciary may deem and treat the Person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or Redemption Price hereof and interest due hereon and for all other purposes, and all such payments so made to any such registered owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the Authority nor any Fiduciary shall be affected by any notice to the contrary.

[Description of the applicable redemption provisions, as specified in the applicable Certificate of Determination, to be inserted here.]

When the Trustee shall receive notice from the Authority of its election to redeem Obligations pursuant to the Resolution, and when redemption of Obligations is required by the

Resolution, the Trustee shall give notice, in the name of the Authority, of the redemption of such Obligations, which notice shall specify the Series, maturities and, if any maturity shall include Obligations bearing different interest rates and all Obligations of such maturity are not being redeemed, interest rate of the Obligations to be redeemed, the redemption date and the place or places where amounts due upon such redemption will be payable and, if less than all of the Obligations of any like Series, maturity and interest rate are to be redeemed, the letters and numbers or other distinguishing marks of such Obligations so to be redeemed, and, in the case of Obligations to be redeemed in part only, such notice shall also specify the respective portions of the principal amount thereof to be redeemed, and, if applicable, that such notice is conditional and the conditions that must be satisfied. Such notice shall further state that on such date there shall become due and payable upon each Obligation to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the principal thereof in the case of Obligations to be redeemed in part only, together with interest accrued to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable. Such notice shall be given by first class mail, postage prepaid, not less than 30 days nor more than 45 days before the redemption date, to the Owners of any Obligations or portions of Obligations which are to be redeemed, at their last addresses, if any, appearing upon the registry books. Failure so to mail any such notice to any particular Owner shall not affect the validity of the proceedings for the redemption of Obligations not owned by such Owner and failure of any Owner to receive such notice shall not affect the validity of the proposed redemption of Obligations.

Any notice of optional redemption may state that it is conditional upon receipt by the Trustee of moneys sufficient to pay the Redemption Price of such Obligations or upon the satisfaction of any other condition, or that it may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded at any time before payment of such Redemption Price if any such condition so specified is not satisfied or if any such other event occurs. Notice of such rescission shall be given by the Trustee to affected Owners of Obligations as promptly as practicable upon the failure of such condition or the occurrence of such other event.

The principal of the Bonds may be declared due and payable before the maturity thereof, and such declaration may be annulled, as provided in the Resolution.

The Act provides that neither the members of the Authority nor any person executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

Pursuant to Section 1011 of the Act, the Authority, as agent for the State of New York, does hereby pledge to and agree with the holder of this Bond that the State of New York will not limit or alter the rights vested in the Authority by the Act, as amended, until this Bond and each of the other Bonds, together with the interest hereon and thereon, have been fully met and discharged or adequate provisions have been made by law for protection of the holders of all such Bonds.

The Bonds shall not be a debt of the State of New York, and the State shall not be liable thereon.

It is hereby certified and recited that all conditions, acts and things required by law and the Resolution to exist, to have happened and to have been performed precedent to and in the issuance of this Bond, exist, have happened and have been performed and that the issuance of the Bonds, together with all other indebtedness of the Authority, is within every debt and other limit prescribed by the laws of the State of New York.

This Bond shall not be entitled to any benefit under the Resolution or be valid or become obligatory for any purpose until this Bond shall have been authenticated by the execution by the Trustee of the Trustee's Certificate hereon.

IN WITNESS WHEREOF, POWER AUTHORITY OF THE STATE OF NEW YORK has caused this Bond to be signed in its name and on its behalf by the facsimile signature of its [INSERT TITLE], and its corporate seal (or facsimile thereof) to be hereunto affixed, imprinted, engraved or otherwise reproduced and attested by the facsimile signature of its Vice President and Corporate Secretary, a Deputy Corporate Secretary, or an Assistant Secretary.

**POWER AUTHORITY OF THE
STATE OF NEW YORK**

By: _____
[President and Chief Executive Officer]

[SEAL]

Attest:

Secretary

[FORM OF CERTIFICATE OF AUTHENTICATION FOR BONDS]

AUTHENTICATION DATE:

Trustee's Certificate

The Bond is one of the bonds, of the Series designated therein, described in the within-mentioned Resolution.

THE BANK OF NEW YORK MELLON
Trustee

By: _____
Authorized Officer

FORM OF ASSIGNMENT

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

(Please insert Social Security or Taxpayer Identification Number of Transferee)

/ _____ /

(Please print or typewrite name and address, including zip code of Transferee)

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints

attorney to register the transfer of the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by a member or participant of a signature guarantee program.

NOTICE: The signature above must correspond with the name of the Owner as it appears upon the front of this Bond in every particular, without alteration or enlargement or change whatsoever.

STATEMENT OF INSURANCE [if any]

_____ New York, New York, has delivered its municipal bond insurance policy (the “Policy”) with respect to the scheduled payments due of principal of and interest, including principal and interest due by operation of scheduled mandatory sinking fund redemption, on this Bond to The Bank of New York Mellon, New York, New York, or its successor, as paying agent for the Bonds (the “Paying Agent”). Said Policy is on file and available for inspection at the principal office of the Paying Agent and a copy thereof may be obtained from _____ or the Paying Agent.



**NY Power
Authority**

**Canal
Corporation**

4.b.iv Update on 2019 Financial Reports Pursuant to Section 2800 of the PAL and Office of the State Comptroller

Adam Barsky

EVP & Chief Financial Officer

March 23, 2020

2019 Consolidated Net Income Actual vs Budget

For the year ended December 31, 2019 \$'s in millions	Actual	Budget	Variance Favorable / (Unfavorable)
Operating Revenues			
Customer	\$ 1,699	\$ 1,846	\$ (147)
NYISO Market Revenues	671	763	(92)
	<u>2,370</u>	<u>2,609</u>	<u>(239)</u>
Operating Expenses			
Purchased Power/Fuel/Wheeling	1,316	1,530	214
Operations & Maintenance	692	695	3
Depreciation & Amortization	250	244	(6)
	<u>2,258</u>	<u>2,469</u>	<u>211</u>
Operating Income	<u>112</u>	<u>140</u>	<u>(28)</u>
Non-operating Revenues			
Investment Income	46	30	16
Non-operating Expenses			
Interest and Other Expenses	<u>135</u>	<u>149</u>	<u>14</u>
Net Income	<u>\$ 23</u>	<u>\$ 21</u>	<u>\$ 2</u>



Financial Report Summary – Year Ended December 31, 2019

Summary of Consolidated Statements of Revenues, Expenses & Changes in Net Position (Actual 2019 vs 2018) \$'s in millions	2019	2018	Variance Favorable / (Unfavorable)
Operating Revenues	\$2,370	\$2,689	\$(319)
Operating Expenses	2,258	2,467	(209)
Operating Income	112	222	(110)
Non-operating Income/(Expense), Net	(89)	(120)	31
Net Income	23	102	(79)
Contributed capital-wind farm transmission assets	3	-	
Net Position – Beginning	4,734	4,739	
OPEB adjustment – adoption of GASB No.75	-	(107)	
Net Position – Beginning as restated	4,734	4,632	
Net Position – Ending	\$4,760	\$4,734	26



Financial Report Summary – Year Ended December 31, 2019

Summary of Consolidated Statement of Net Position \$'s in millions	2019	2018	Variance
Current Assets	\$1,306	\$1,434	\$(128)
Capital Assets	5,800	5,519	281
Other Noncurrent Assets	1,667	1,798	(131)
Deferred Outflows of Resources	168	137	31
Total Assets and Deferred Outflows	\$8,941	\$8,888	53
Current Liabilities	\$1,293	\$1,051	242
Noncurrent Liabilities	2,456	2,631	(175)
Total Liabilities	3,749	3,682	67
Deferred Inflows of Resources	432	472	(40)
Net Position	4,760	4,734	26
Total Liabilities, Deferred Inflows & Net Position	\$8,941	\$8,888	53



Financial Report Summary – Year Ended December 31, 2019

2019 Notes to Financial Statements Highlights

Consolidated Statements of Revenue, Expenses and Changes in Net position:

▪ 2019 Actual vs. Budget:

- Net income \$23 million for the year ended December 31, 2019 was \$2 million higher than budget of \$21 million due to
- A higher market value on the investment portfolio (\$16 million)
- Lower interest expense (\$14 million) resulting from lower interest rates and paydown of debt
- Offset by lower operating income of (\$28 million) due to lower margins resulting from lower energy prices

▪ Actual 2019 vs. 2018:

- Net income of \$23 million for the year ended December 31, 2019 was \$79 million lower than 2018 of \$102 million
- Decrease in net income was primarily due to lower operating income of \$110 million resulting from lower margin on sales as a result of lower energy prices
- Non-operating income/(expense) net was \$31 million favorable due to higher investment income and lower interest expense compared to last year

▪ Consolidated Statements of Net Position:

- Current assets decreased by \$128 million (or -9%) primarily due to use of investments to fund capital projects
- Capital assets increased by \$281 million (or 5%) as a result of continuing investments in generating assets at existing facilities and transmission upgrades
- Short-term debt increased by \$166 million due to issuance of commercial paper to refund \$156 million of Series 2007 A & C revenue bonds
- Long-term debt decreased due to refund of \$156 million of Series 2007 A & C revenue bonds and scheduled maturities



**NY Power
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Financial Report Summary – Year Ended December 31, 2019

2019 Notes to Financial Statements Highlights

Certain New Legislation Affecting the Authority:

- Legislation enacted in 2019 enhances NYPA's powers to build and operate EV car charging stations, develop transmission to delivery power from renewable wind energy generation projects located in NYS and US waters, supply market and renewable power to certain public and private entities, and finance the development of renewable energy generation projects located in NYS and US waters to service such entities

Accounting Pronouncements:

- There is no significant financial impact of newly issued accounting pronouncements on the Authority's consolidated financial statements

Commitments & Contingencies:

- **Auer. V. NYPA** – An enforcement action seeking to enforce a 1984 order related to the manner in which the Authority computes its rates for its preference power customers. On December 2, 2019, the New York State Supreme Court, Albany County, issued an order granting the Authority's motion to dismiss the proceeding. Plaintiff did not appeal that decision. In addition, Plaintiff's motion to the Court of Appeals, seeking permission to further appeal the venue decision, was denied in an order dated February 18, 2020. This litigation has concluded with no financial impact on the Authority's consolidated financial statements

Financial Report Summary – Year Ended December 31, 2019

2019 Notes to Financial Statements Highlights (continued)

Commitments & Contingencies (continued):

- Moses Adirondack Line - In November 2019, the PSC approved the Joint Proposal. On February 6, 2020, the PSC issued an order approving Part One of the Environmental Management and Construction Plan. The Authority received its nation-wide permit from the U.S. Army Corps of Engineers and the New York State Department of Public Service has issued a Notice to Proceed. Construction is anticipated to begin in 2020 with estimated project cost of \$484 million through project completion in 2023.
- Marcy to New Scotland Upgrade Project - In May 2019, the Authority's Trustees approved capital expenditures of approximately \$28 million for the Marcy to New Scotland Upgrade Project (Segment A project), to increase transfer capability from central to eastern New York. In December 2019, the Authority's Trustees approved a capital commitment of \$275 million for the Segment A project as part of the 2020-2023 Budget and Financial Plan.

Reimagine the Canals Initiative:

- The Authority's Trustees authorized an investment of \$300 million over five years for the Reimagine the Canals Initiative ("Initiative") and approved \$30 million to fund the Initiative in 2020.

Annual Report on Investments and Changes to Investment Guidelines

- Overview of 2019 Annual Report on Investments
 - Investments in NYPA's Operating and Construction Funds averaged \$927 million in 2019, with investment income of \$17 million
 - At year end, reserves established within the Operating Fund for certain obligations were as follows:
 - Debt Service Reserve (\$16 million)
 - Energy Hedging/Fuel Reserve (\$71 million)
 - Capital Project Reserve (\$311 million)
 - Operating Reserve (\$415 million)
- Proposed Amendments to Investment Guidelines
 - Expanded permitted investments to allow:
 - Guaranteed Investment Contracts or GIC Funds
 - Reverse repurchase agreements, not to exceed the greater of 5% concentration or \$100 million
 - CDs offered through Certificate of Deposit Account Registry Services program
 - Allow up 40% concentration in money market funds, subject to no more than \$50 million in any single fund and for no longer than 30 days
 - Extended maximum term on Repurchase Agreements to 30 days and value limit to \$250 million



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